

DEPOSITIONS III

COPY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

TONY AVIRGAN and
MARTHA HONEY,

Plaintiffs,

against

CIVIL ACTION NO.
86-1146-CIV-KING

JOHN HULL, RENE CORBO,
FELIPE VIDAL, et al.,

Defendants.

CLICIDE-02

TONY AVIRGAN and
MARTHA HONEY,

Plaintiffs,

against

CIVIL ACTION NO.
87-1545-CIV-KING

RAUL VILLAYERDE, et al.,

Defendants.

DEPOSITION OF JOSEPH R. KELSO, taken by
plaintiffs, before Mary Y. Hardy, on behalf of
Video-Script of Florida, Inc. at the offices of
Blewitt & Associates, 5360 Manhattan Circle,
Boulder, Colorado, on Monday, May 23, 1988 at 9:23
a.m.

VOLUME II

1 MS. REPORTER: We're back on the record.
2 Q Okay. So, you're in these discussions with
3 Rod Snow, your attorney --
4 A Right.
5 Q -- and he's talking to Bruce Black. And
6 Black says, 'look, if you're working with the Agency
7 and these other people, give me some names of the
8 contacts.'
9 Now, did you tell him about Larry LaDage?
10 A Yes.
11 Q And you gave him the telephone number to get
12 a hold of LaDage?
13 A Yes.
14 Q Did you give him the contact of Scott
15 McDaniels?
16 A Yes.
17 Q Okay. And you let him know -- gave him how
18 to get a hold of him?
19 A Yes. "M" and "A" and -- I mean the whole --
20 Q Okay.
21 A -- whole principals in the matter.
22 Q Okay. Did you give him contact to how to
23 get to the Central Intelligence Agency line that you
24 had?
25 A No.

1 Q Okay. So, you didn't give him that one?
2 A (witness shakes head no)
3 Q Okay. Did you have one that you could have
4 given him? A way he could have gotten through to them?
5 A Well, the problem is, is at the time, Bruce
6 Black didn't have a clearance.
7 Q Right.
8 A So, in being cautious, I didn't want to step
9 over the line, just like now.
10 Q Yes.
11 A I won't step over the line on certain
12 things.
13 Q Yes?
14 A You know?
15 Q Okay. So -- but did you tell him you had
16 one, but that you couldn't give it to him?
17 A (Witness nods affirmatively)
18 Q Okay. Now, then you say that Bruce Black
19 tried first to get a hold of a list to find out if
20 these were bona fide names and it didn't work. And
21 then he tried a second time and he hit it and found out
22 that these were legitimate people?
23 A That's what Rod Snow reiterated to me.
24 Q Okay. Now, did -- according to your
25 conversations with Rod Snow, did Bruce Black attempt to

1 contact any of these people in his official capacity to
2 find out?

3 A No. He was just trying to contact them
4 through the associated agencies involved, of these
5 people.

6 Q Okay. So he would go to the agency and ask
7 for them to hook him up to him?

8 A Right.

9 Q Did -- do you know whether or not he ended
10 up having any communication with LaDage or McDaniels or
11 anyone?

12 A I don't know who he talked to or anything
13 else. Rod Snow came back and said, 'well, get these
14 guys on tape and, you know, you're problems are
15 solved.'

16 Q Okay.

17 A So, that's when I went out and started
18 making my tapes.

19 Q Okay. So you then undertook to contact
20 LaDage and McDaniels, and "A" and the other people --

21 A Right.

22 Q -- and to tape record them --

23 A Right.

24 Q -- to be able to prove your bona fides to
25 Bruce Black, so Black could --

1 A To Rod. Rod has a clearance. Bruce Black
2 did not have a clearance.

3 Q Okay. And where did Rod Snow get his
4 clearance?

5 A When he was a U.S. prosecutor.

6 Q Okay. But that's what Bruce Black was, too;
7 right?

8 A Yeah. But that doesn't make any difference.
9 It's -- Bruce Black did not have a clearance.

10 Q Okay.

11 A So, a lot of the conversation could not be
12 held in front of Bruce Black. So, Rod Snow had to take
13 the information and to appropriately address it to
14 Bruce Black without exposing it.

15 Q Okay. Now, the security clearance that Rod
16 Snow had when he was U.S. Attorney --

17 A And still has today.

18 Q Okay. And do you know why he still has it?

19 A That's a good question. He still has it,
20 though.

21 Q Okay. Now, when he was the U.S. Attorney --

22 A Umm hmm.

23 Q -- and he was the actual U.S. Attorney here
24 in Denver, Colorado; is that correct?

25 A I don't know whether -- I think he worked in

1 Denver here for some part, and then down in Texas.

2 Q Okay.

3 A So --

4 Q Do you know what kind of security clearance
5 he had?

6 A Yes, he a top secret clearance.

7 Q Top secret clearance, okay. And he -- when
8 you returned in August of 1986, he was in private
9 practice; is that correct?

10 A Yes.

11 Q But he still had a top secret security
12 clearance?

13 A Yes.

14 Q Okay. So, did you communicate to him the
15 way to get in touch with the Central Intelligence
16 Agency on your behalf?

17 A We made certain telephone calls; yes.

18 Q Okay. And do you -- did Rod Snow talk to
19 Larry LaDage?

20 A No, he didn't talk to Larry. Later on, Rod
21 Snow went and physically met a member of the NSC and
22 the CIA.

23 Q Okay. In Denver here?

24 A No.

25 Q Washington?

1 A To Rod. Rod has a clearance. Bruce Black
2 did not have a clearance.

3 Q Okay. And where did Rod Snow get his
4 clearance?

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19 Larry LaDage?

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21 Snow went and physically met a member of the NSC and
22 the CIA.

23 Q Okay. In Denver here?

24 A No.

25 Q Washington?

1 A In another state.

2 Q Okay. He went to another state, and he met
3 a CIA person and a NSC person?

4 A Yes.

5 Q And did he --

6 A One was my controller; the other one was a
7 friend, an associate.

8 Q Okay. Oh, he met "A"?

9 A He met "A".

10 Q Okay. So, he meets "A". And did "A"
11 confirm that "A" was connected to the National Security
12 Council to Rod Snow?

13 A It's my understanding through a telephone
14 conversation with Rod, he said 'I can't talk over the
15 telephone; but I will tell you one thing. That these
16 people are very real, and they are who they say they
17 are. I have no doubts.'

18 Q Okay.

19 A So --

20 Q Now, when you were back in these meetings
21 with Rod Snow --

22 A Umm hmm.

23 Q -- what was your status vis a vis being on
24 probation or -- what was your status?

25 A Well, technically from the 1983 deal which

1 they swore up and down they were going to go and take
2 care of, technically I was an absconder from a
3 violation of probation.

4 Q Okay. So you were in violation of your
5 probation --

6 A Right.

7 Q -- and had been out of the country without
8 permission and --

9 A Right.

10 Q -- had violated your probation?

11 A Yes. And I failed to give my address.

12 Q Okay.

13 A So --

14 Q And failed to report in any regular way,
15 right?

16 A Right.

17 Q Okay. Now, so you talked to Rod Snow about
18 that difficulty that you had --

19 A Yes, yes.

20 Q -- that, here you came back all of a sudden
21 in 19-- August of '86. And you hadn't been meeting
22 your requirements under parole --

23 A Yes --

24 Q -- probation.

25 A -- probation.

1 Q Probation. And so, you said to him, look I
2 want this handled and taken care of?

3 A Yes.

4 Q And so it was in that context that Rod Snow
5 was representing you in negotiations with Bruce Black
6 and the U.S. Attorney's office to try to get you not to
7 have your probation revoked; is that correct?

8 A Yes.

9 Q Okay.

10 A Just to go on -- Bruce Black argued on my
11 behalf, because at that time he became extremely more
12 knowledgeable of my situation.

13 Q Yes?

14 A And argued emphatically that the whole
15 matter needed to be dropped, period. With no further
16 --

17 Q Yes? He argued to whom?

18 A -- discussion. To the judge, in court, on
19 the transcripts.

20 Q Okay. So, this process that you're going
21 through, now after you come back in August with Rod
22 Snow and Bruce Black; you're able to convey a lot more
23 of the security information to Rod Snow, ironically,
24 who is your private counsel --

25 A Right.

1 Q -- who still has a top security clearance.

2 A Right.

3 Q Top secret clearance. But, you can't give
4 it to Bruce Black?

5 A Right.

6 Q So, Rod Snow representing you --

7 A Umm hmm.

8 Q -- goes to physically meet "A".

9 A Umm hmm.

10 Q Who you said was in the Washington --

11 A Well, this is another part -- I mean, it's
12 later on. Before the case goes before the judge.

13 Q Right.

14 A Excuse me, after the case goes before the
15 judge.

16 Q Oh, okay.

17 A But there was no doubt in his mind of what
18 was going on.

19 Q Okay.

20 A In Rod Snow. He had --

21 Q So -- And what court -- what judge did he

22 A -- no problem.

23 Q -- so Rod Snow had become convinced that --

24 A Yes.

25 Q -- the information that we can discuss later

1 after lunch, was true?

2 A Yes.

3 Q Okay. And that he had succeeded,
4 apparently, in convincing Bruce Black in his capacity
5 as the Assistant U.S. Attorney here, that it was true?

6 A Yes.

7 Q And so, Bruce Black approached the court and
8 what -- and he recommended to the court that you not
9 have your probation revoked?

10 A Right.

11 Q How -- then, what happened?

12 A Well, wait. He wanted the --

13 Q He wanted --

14 A -- whole matter dropped.

15 Q He wanted the '83 conviction --

16 A Matter --

17 Q -- set aside?

18 A -- dropped. Yes.

19 Q And also, your probation not revoked?

20 A Just everything dropped.

21 Q Okay. And what court -- what judge did he
22 bring this action to?

23 A Feinsilver.

24 Q Okay. And was there anyone arguing against
25 his position?

1 A No.

2 Q And what did Judge Feinsilver do?

3 A Judge Feinsilver determined that it was a
4 clear and blatant action -- violation of probation, and
5 that his courtroom wasn't going to be made a mockery
6 of. And that I would do two years.

7 Q Okay. So, he sentenced you to two years --

8 A Right.

9 Q -- for violating probation?

10 A Yes.

11 Q Or to finish --

12 A No, no.

13 Q -- serving a sentence?

14 A No, no, no, no. For violating probation.

15 Q Straight up?

16 A Straight up.

17 Q Okay. But not to serve any of the
18 substantive term?

19 A No. And he didn't want to talk to anybody;
20 he didn't want to go back in chambers and talk. He
21 just -- he didn't want anything about it. And the
22 probation people went and manipulated and fraudulently
23 presented the PSI statement.

24 The PSI statement that they took, prior to
25 court, is not the PSI statement that's on record right

1 now.

2 Q That's the -- "PSI" is the --

3 A PSI is the pre-sentence investigation.

4 Q Okay. With regard to the revocation?

5 A Yes.

6 Q The --

7 A Yes.

8 Q Okay. All right. So that, we'll touch on
9 that. Now, so you -- so, in effect, there was the
10 probation people --

11 A Right.

12 Q -- had gotten cross ways to you by this
13 point, that Bruce Black is advocating the position that
14 you asked?

15 A Yes.

16 Q Rod Snow is advocating the position that you
17 asked?

18 A Yes.

19 Q But the probation people have represented
20 that based on their knowledge of your activities --

21 A They were following a directive from an
22 outside source, including the judge. I have been told
23 that and I have it in hard copy.

24 Q Okay. Who told -- who gave them the
25 directive?

1 A Someone from Washington, D.C.

2 Q Okay. Do you know who it is?

3 A Yes.

4 Q Who is it?

5 A I'm not going to tell.

6 Q I mean, just as to who gave the directive to
7 him. Not your source.

8 A I have only one goal.

9 Q Yes?

10 A I'm going to hang their ass. Okay? And
11 this isn't the time or the place.

12 Q Okay. So, but you say that they
13 communicated directly with Judge Feinsilver?

14 A I have been told, and this associate of mine
15 has it in an affidavit, that there was, in fact,
16 communication regarding this case and regarding this
17 matter with myself and the matters at hand. They --

18 Q And it came from Washington?

19 A Yes. Just --

20 Q And that it went to the probation office?

21 A Yes.

22 Q And they gave them the directive to insist
23 that your probation be revoked?

24 A And to the judge.

25 Q And a direct communication from Washington

1 to Judge Feinsilver?

2 A Yes.

3 Q Demanding that he do that?

4 A Yes.

5 Q Okay. And so your probation was revoked and
6 you were -- actually, you were sentenced --

7 A Yes.

8 Q -- for violating probation?

9 A That's correct.

10 Q And given two years?

11 A That's correct.

12 Q Okay. Now, you then -- where were you sent
13 to serve that time?

14 A I ended up in Pleasanton, but that wasn't
15 before they took me to El Reno.

16 Q Okay.

17 A Which is standard procedure.

18 Q Okay. They took you to El Reno?

19 A Right. And rather than sticking me in the
20 proper category, security clearance category --

21 Q Yes?

22 A -- okay, which I was a 1-N, which is the
23 lowest -- I mean, it's like the lowest you can get.
24 You know, the -- no threat to anybody.

25 Q Ah, I hear you.

1 A Okay?

2 Q Yes.

3 A And they -- I was supposed to go to
4 camper section. Instead they were fucking wit
5 they put up in Level 6, which -- with the guys
6 Leavenworth, Marion -- you know, these guys go
7 years, 600 years, right? And they were settir
8 So, the -- one of the prisoners there who was
9 tier later found out about it.

10 And the guard came and chewed my a:
11 I went out to the exercise yard with these gu
12 he came up and chewed my ass and he says, 'wh
13 shift, you never go out to the exercise yard.
14 go and go out on the exercise yard on my shif
15 throw you in the hole.'

16 And I'm sitting there going, you k
17 don't understand". And he's going, 'never mi
18 then he leaked the information out to the gu
19 tier -- you know, who I was, the security ra
20 you know, what was going on. So, he come ov
21 me that, you know, that 'you're an SI-N'. A
22 know what that meant.

23 Q Yes?

24 A So, he told me what that meant in
25 rating and shit. And, so --

1 Q This is prison security?

2 A No -- yeah; prison security.

3 Q Right, right.

4 A So, he made sure that, you know, I
5 understood what was going on; that they were setting me
6 up to do me in the exercise yard up there. So, I went
7 and stayed in the cell like I was told to do.

8 Then, he arranged for the telephone -- he
9 smuggled a telephone from two tiers below up to our
10 tier. And I got on the telephone and talked to Frank,
11 Rod Snow's attorney. And --

12 Q Rod Snow's attorney?

13 A Rod Snow's -- excuse me, Rod Snow's partner
14 at the attorney's office.

15 Q Okay, right.

16 A Okay. And at the top of my voice I'm
17 yelling and screaming, "the motherfuckers better get
18 their shit straight, otherwise I can make one phone
19 call from here and start letting one tape per hour get
20 released."

21 Q Yes?

22 A And Frank says, 'oh, no problem. Let me
23 make some calls; I know the warden there,' everything
24 else. So, the guy that does screening, you know, of
25 prisoners?

1 Q Yes.

2 A 'Oh, I'm sorry. I made a terrible mistake.'
3 And the warden comes up, and says, 'oh, there was a
4 terrible mistake meant (sic). We're moving you down to
5 the camper's section immediately.'

6 Q Okay. And where -- you were in El Reno?

7 A Yeah.

8 Q That's where they had you?

9 A Yeah.

10 Q Okay. So they put you in the camper's
11 section --

12 A Right.

13 Q -- and sent you to Pleasanton?

14 A Right. "Club Fed".

15 Q And -- "Club Fed" in California?

16 A Yeah.

17 Q Okay. And how many guys are there?

18 A At the time, there was probably 220 guys and
19 500 and some women. It was tough duty. But --

20 Q But, somebody had to do it?

21 A That's right. You know, it's perfectly
22 manicured. It looks like a college campus.

23 Q Yes.

24 A There is a fence around the place, but the
25 fence is there to keep some of the women -- because

1 they have high level women there --

2 Q Yes.

3 A -- in. But the standard joke is it's to
4 keep the bad guys out.

5 Q Yes.

6 A Okay? Because they put all the PC's and all
7 the special cases at Pleasanton.

8 Q What are "PC's"?

9 A Protective custody.

10 Q Oh, I got you.

11 A Like, you know, your guy that's testifying
12 today down in Miami?

13 Q Ramon Milian Rodrigues?

14 A Yeah. That's someplace that they would send
15 him.

16 Q Okay.

17 A So --

18 Q So, you're at Pleasanton -- or, is it
19 Pleasanton?

20 A Pleasanton.

21 Q Pleasanton, the federal correctional
22 facility in Pleasanton -- in California.

23 A Right.

24 Q And does anybody contact you there?

25 A Yes.

1 Q What happens?

2 A Well, the Marshalls office made an under the
3 table contact. They asked me some questions regarding
4 to one individual, and asked me to help them. And I
5 said, "well, you know, I could help you. But I can't
6 -- you know, I'm home. You know, I'm happy here; don't
7 fuck with me."

8 Q Yes?

9 A And he says, 'well, I can come get you out'.
10 You know? 'Drop your whole sentence.' I said, "I
11 don't think you understand my case." And they says,
12 'well, this guy that we need is very important. We
13 need you to go get him; you're the only one that knows
14 how to grab this guy.' Which is still true today.

15 Q Yes?

16 A And I said, "well, you know, I'm not really
17 interested in it. But, you know, if you think you can
18 come and get me out" -- because I said my place --
19 "case is highly political".

20 Q Yes?

21 A I said, "do you understand what my case is?"
22 And he said, 'well, no.' And I says, "well, it's
23 highly political." And he says, 'well, we got a cable
24 saying that I'm supposed to come and approach you to
25 ask you if you'll go get this guy for us.'

1 And I said, "fuck, I'll go do it." You
2 know? "But, I want my full, normal entourage of
3 equipment."

4 Q Yes?

5 A And they said, 'well, we have no problem
6 with that.' That, you know --

7 Q Who did they want you to go get?

8 A Just a guy. It's someone in the States
9 here, that I could essentially walk right up to and,
10 you know, grab him.

11 Q And he's wanted? He's a wanted felon?

12 A Oh, yeah. Very, very famous --

13 Q Yes?

14 A -- person.

15 Q Yes?

16 A Anyway, they had no problem with that. I
17 says, "well, you do your homework and if you can come
18 and have me come out and do this for you --"

19 Q Yes?

20 A -- "that's fine." And, you know, "even if
21 you can't take care of my sentence here; that's fine
22 too. I'll just go out and work the job and come back."

23 Q Yes.

24 A And they said, 'wow, that's really neat.'
25 And so, he went back and he calls me back about three

1 weeks later and says, 'Jesus Christ, how did you ever
2 get involved in that?' I said, "never mind. I said
3 you would be surprised." He says, 'I can't believe the
4 politics involved.'

5 I said, "well, I was doing the same thing,
6 just like you guys, you know, you asked me to go do."
7 You know, that could end up highly public if there was
8 something relative there. And he said, 'no, no, no.'
9 He says, 'well, give us a call when you get out.' You
10 know? And I never have since. You know, I've never
11 called them.

12 Q Okay.

13 A So, when I finish here, maybe I'll call them
14 and see what they have in mind now.

15 Q Yes?

16 A But, now, beyond that, there was CIA; there
17 was NSC; there was numerous reporters that tried to get
18 in --

19 Q Yes?

20 A -- to sneak in through a lot of different
21 methods. There was another intelligence officer, which
22 I sat down with for almost two months.

23 Q When you were in custody in Pleasanton?

24 A Yeah.

25 Q Okay. What agency did this person come

1 from?

2 A Well, he didn't come from the NSC; he didn't
3 come from CIA; he didn't come from DOD; and sure didn't
4 work anywhere in the Justice Department. So -- and
5 that's all I'm going to say on him.

6 But, they brought him in and, he lived in
7 the population so we could do our work -- so we could
8 have our conversations.

9 Q Okay. And what was it he was generally
10 trying to get you to do?

11 A Well, no. He wasn't trying to get me to do
12 anything. It was just trying to, number one, make a
13 deal for me.

14 Q Yes?

15 A Number one, to go -- or, I should say number
16 two, into debriefing; number three, into reiterating
17 back into employment at a much higher level.

18 Q To that group that you worked with?

19 A Right. At a much higher level.

20 Q Yes?

21 A And away from the low-level where -- it's
22 kind of opposite, but at -- let's just say at the
23 highest level.

24 Q Okay.

25 A So -- and so, there were certain agreements

1 and negotiations that went on. And then we did
2 debriefing and took about two months.

3 Q And you explained to him everything that you
4 had basically been doing?

5 A Yes.

6 Q The how you got into the -- into doing this
7 kind of work?

8 A The whole damned thing.

9 Q Okay.

10 A And they went and checked out all sorts of
11 things. Also, they followed up on loose leads that I
12 had --

13 Q Yes?

14 A -- that proved to be very productive.

15 Q Yes.

16 A They -- well, let me reiterate it.
17 Extremely productive.

18 Q Yes?

19 A But, the thing is, is that they made their
20 deal and, you know, I'm sitting; waiting. So -- for
21 something. And that's where it's at. So, they have
22 done things for me, you know? And just waiting for the
23 next step.

24 Q Okay. So, you're -- now, the present status
25 that you're in is that you are serving the last couple

2 A Yes.
3 Q -- of the remainder of your two year
4 sentence?

5 A Yes.

6 Q For violating your probation --

7 A Yes.

8 Q -- relating to a federal criminal conviction
9 in 1983?

10 A That's correct.

11 Q And, you're due to -- you're at a halfway
12 house now, at your address?

13 A That's correct.

14 Q And that you'll be out of there --

15 A Shortly.

16 Q -- shortly. Okay. And then you will --
17 you'll still be on probation?

18 A No.

19 Q You'll be done completely?

20 A Done.

21 Q Okay. And then you're free to go where you
22 want and --

23 A Yes.

24 Q -- do whatever you want?

25 A Yes.

1 Q Okay, now, let me read a thing for you.
2 We're going to take a lunch break and I want to -- as I
3 said earlier, I want to be able to explain to the court
4 who will be the one seeing this --

5 A Umm hmm.

6 Q -- you know, who you are, basically. Where
7 you came from, how you got into this rather interesting
8 position that you're in here, to have access to the
9 knowledge you do. And to establish your bona fides for
10 the court.

11 But, I want to, just briefly before we take
12 a break here at lunch, I want to read from you -- read
13 to you from page 648 of the official report of the
14 United States Congressional Select Committee
15 investigating the Iran/Contra matter.

16 And this is a supplement to Chapter 5 of the
17 official report of the Congress. It's designated as
18 the "Additional Views of the Honorable Peter W. Rodino,
19 Jr.", who is the chairman of the House Judiciary
20 Committee. And also, Honorable Dante B. Facell, who's
21 the vice-chairman. Honorable Jack Brooks from Texas,
22 and the Honorable Louis Stokes, United States
23 Congressman.

24 There is a heading which they have:
25 "Unresolved Questions, Missing Documents and Unexplored

1 Leads". And number 1 under this is a heading on page
2 -- that starts on page 643. And under this heading,
3 designated as number 1 -- the number 1 area that they
4 list as, I guess, unexplored leads or unresolved
5 questions.

6 They have a designation at page 648 called
7 "The Kelso Investigation". Now, I want to read from it
8 and then I want to ask you a couple questions.

9 A Umm hmm.

10 Q It says, on page 648:

11 "The significance of the Kelso section in
12 Chapter 5 of the Committee Report is not entirely
13 clear from the facts as stated in the Chapter. In
14 order to understand why Owen" -- and they're
15 referring there to Rob Owen -- "and North" -- and
16 that is Lieutenant Colonel Oliver North -- "were
17 so concerned about Kelso one must understand just
18 what Kelso was doing and learning in Costa Rica.

19 Paragraph:

20 "During the summer of 1986, Kelso and
21 another Customs service informant ..." -- and that
22 would be Brian --

23 A Caldwell.

24 Q -- Caldwell --

25 "...went to Costa Rica to investigate a

1 counterfeiting and drug ring. Later, in August,
2 Kelso contacted the Customs service and agreed to
3 be debriefed by them and the Secret Service in
4 Costa Rica."

5 That would have been the Doug Krochenberger

6 --

7 A Right. And the Secret Service was from --

8 Q -- and the Secret Service man with regard to
9 the plates?

10 A No, no, no.

11 Q Okay.

12 A This was a special team being brought down
13 from Washington, D.C. from the Secret Service.

14 Q Okay. All right. And they cite, for their
15 authority on that a deposition of Rosenblatt, taken on
16 9/25/87, pages 47 to 48. Apparently Rosenblatt has
17 confirmed that.

18 A Umm hmm.

19 Q It says:

20 "The Secret Service agents left Costa Rica before
21 the debriefing took place. ..."

22 -- for the reasons you've pointed out earlier in your
23 testimony.

24 "However, two Customs agents went to Costa Rica
25 and debriefed Kelso and his companion."

1 And that's Krochenberger --

2 A Which is correct.

3 Q -- from New Orleans?

4 A Right.

5 Q But the other man is the --

6 A From Panama.

7 Q -- superior from Panama?

8 A Right.

9 Q Okay. "They told Customs" -- this is Kelso
10 and Caldwell, the "they" --

11 A Umm hmm.

12 Q "They told Customs that the DEA agents in
13 Costa Rica knew the location of drug laboratories,
14 and had been paid to conceal the location of
15 narcotics."

16 A That's correct.

17 Q Paragraph:

18 "The Customs agents" -- that's Krochenberger
19 -- "went to the DEA agents in Costa Rica and told
20 them what Kelso had said. That night Kelso and
21 his companion were arrested at their hotel by the
22 local police accompanied by a DEA agent."

23 A That's correct.

24 Q That would be Nevas. Oh, no. That would be
25 Riveras?

Q Okay.

"They were questioned by the police and the DEA. They had on their persons papers that included the radio call signals of the DEA agents."

A Umm hmm.

Q That would be Jaguar 1, Jaguar 2 --

A And Jaguar 3 --

Q -- and Jaguar 3.

A -- right.

Q Okay.

"After being questioned, Kelso was released and driven to the Hull ranch by Costa Rican security personnel."

A [Well], they could've.

Q Who was it that drove you to the ranch?

A Alex McNulte and Warren Tris. But, you have to realize that that sentence is incorrect.

Q I hear you. Okay.

A In context it is, but the sentence is worded wrong.

Q I hear you.

A They're using it in the same time frame. But, go ahead.

Q All right.

1 "Hull also asked Kelso to explain his activities,
2 which Kelso did. Hull called Costa Rican
3 intelligence officers who came to his ranch to
4 arrest Kelso."

5 A Umm hmm.

6 Q "Shots were fired."

7 A Umm hmm.

8 Q "And Kelso escaped."

9 A Umm hmm.

10 Q Okay. Now, this is -- they cite as
11 authority on that a memorandum of DEA documents --

12 A Right.

13 Q -- from 10/28/87 in the Owen deposition --

14 A Right.

15 Q -- which they took --

16 A Right.

17 Q -- from Congress --

18 A Of course, you have to --

19 Q -- on 10/1/87 and Exhibit 1.

20 A You have to realize, of course, that number
21 one, like I told you, Rob Owen was at the embassy when
22 they were copying out of my briefcase.

23 Q Yes.

24 A And, number two, the relativity of why DEA
25 needed to cover everything. Okay?

1 Q Yes.

2 A I mean, it's --

3 Q But, when they say here --

4 A So, they lied.

5 Q -- when they say here, though, that these
6 people came to the ranch to arrest you and shots were
7 fired and you escaped --

8 A That's correct.

9 Q -- what were the shots that were fired that
10 -- in the --

11 A Well, the shots were fired --

12 Q They were shooting when you woke up?

13 A Right.

14 Q Right, okay.

15 A And then the rest of it -- how I escaped,
16 this is --

17 Q When they say you escaped is all the details
18 you gave where DIS --

19 A Right.

20 Q -- came and took you --

21 A Right.

22 Q -- out of there?

23 A Right.

24 Q Okay.

25 "When Kelso returned to the United States, he

1 wanted to surrender to U.S. authorities. During
2 those negotiations, his attorney ..."

3 -- who would be Rod Snow --

4 A Right.

5 Q "... provided to the Assistant U.S. Attorney
6 ..." -- that would be to Black?

7 A That's correct.

8 Q Right; to Bruce Black --

9 "... tape recordings Kelso made while undercover,
10 in order to demonstrate that Kelso was working for
11 U.S. intelligence agencies."

12 A That's correct.

13 Q "Kelso had previously passed a polygraph
14 examination on the question of whether he worked
15 for the CIA."

16 A That's also correct.

17 Q When did you have that?

18 A That's when I first met Larry LaDage. And
19 then they also asked numerous questions on certain
20 operational things.

21 Q Ah, okay. That's back in earlier --

22 A Right; earlier.

23 Q -- which we'll go into later this afternoon.

24 Okay.

25 "These tapes were provided only under the express

1 condition that they not be sent to Washington,
2 D.C."

3 A Right.

4 Q "...where Kelso feared that they could get
5 into the "wrong hands""

6 A Right.

7 Q And they cite as authority for that,
8 Rosenblatt's deposition of 9/25/87, page 44.

9 A Umm hmm.

10 Q "Meanwhile, Ambassador Tambs" -- that
11 would be Ambassador Lewis Tambs --

12 A Right.

13 Q -- the United States --

14 A Right.

15 Q -- ambassador to Costa Rica --

16 "... sent a complaint about Kelso to U.S. Customs.
17"

18 A At the directive of Nevas.

19 Q Okay.

20 A Nevas kept threatening to send a cable.

21 Q Yes?

22 A And I kept asking him, 'please, go ahead.'

23 Q Yes.

24 A And that just made him mad. So --

25 Q And this is the one that Larry LaDage was

1 referring to?

2 A This is the official cable that came from
3 Tambs.

4 Q Yes.

5 A And all of the other cables supposedly Nevas
6 sent was bullshit.

7 Q Okay. So that this is the cable, however,
8 that Larry LaDage was talking about with the ambassador
9 being off the wall --

10 A Right.

11 Q -- over what you were doing down there?

12 A Right.

13 Q Okay.

14 "... which reached William Rosenblatt, ..."

15 A Umm hmm.

16 Q "... the assistant commissioner of
17 enforcement. Rosenblatt insisted on getting the
18 Kelso tape recordings from the local Customs
19 agent, even though the Assistant U.S. Attorney
20 ..."

21 -- that's Bruce Black --

22 A Right.

23 Q "... had told the agent that the tapes could
24 not be sent to Washington, D.C."

25 A That's correct.

1 referring to?

2 A This is the official cable that came from
3 Tambs.

4 Q Yes.

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6 sent was bullshit.

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8 that Larry LaDage was talking about with the ambassador
9 being off the wall --

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11 Q -- over what you were doing down there?

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13 Q Okay.

14 "... which reached William Rosenblatt, ..."

15 A Umm hmm.

16 Q "... the assistant commissioner of
17 enforcement. Rosenblatt insisted on getting the
18 Kelso tape recordings from the local Customs
19 agent, even though the Assistant U.S. Attorney
20 ..."

21 -- that's Bruce Black --

22 A Right.

23 Q "... had told the agent that the tapes could
24 not be sent to Washington, D.C."

25 A That's correct.

1 Q Okay. Now, the local Customs agent; who is
2 he talking about?

3 A Gary Hildebury

4 Q Okay. Gary Hildebury is the local Customs
5 agent here in Denver?

6 A Was; yes.

7 Q Was. Okay. So, Rosenblatt testified that
8 he, Rosenblatt was not aware of that condition.

9 A That's not true.

10 Q Okay. So Rosenblatt is lying?

11 A Well, to the best of my knowledge.

12 Q Or, as far as you knew?

13 A Yes.

14 Q But he -- you understand that he was told by
15 Bruce Black not to give these tapes out?

16 A Well, he told that to Gary Hildebury. Now,
17 we're only talking just the first couple tapes, which
18 are --

19 Q Yes, I know.

20 A -- are very worthless compared to the other
21 ones.

22 Q Yes, I know.

23 A Now, the other thing is, is that Gary
24 Hildebury fraudulently acquired the tapes from Bruce
25 Black.

1 Q How did he get those tapes?

2 A Through a criminal act, would be the polite
3 way to say it.

4 Q How did he do that?

5 A He acquired them.

6 Q He took them out of his office --

7 A That's right.

8 Q -- and copied them, without permission?

9 A That's correct.

10 Q Okay. So that Rosenblatt, as it says here:

11 "...insisted on getting the Kelso tape recordings
12 from the local Customs agent, even though the
13 Assistant U.S. Attorney had told the agent that
14 the tapes could not be sent to Washington, D.C."

15 So, it's your understanding that Hildebury
16 illegally copied those tapes --

17 A Yes.

18 Q -- with full knowledge --

19 A Yes.

20 Q -- from Bruce Black that he was not to do
21 that.

22 A Yes.

23 Q And sent them to Washington to Rosenblatt?

24 A Yes.

25 Q Okay.

1 A And Bruce Black became aware of those tapes
2 later on and he got extremely upset with that. Now,
3 the other thing is, is Rod Snow explained to Bruce
4 Black -- who still didn't have clearance -- that it was
5 basically the intrinsic value of the balance of the
6 tapes --

7 Q Yes?

8 A -- and how critical they were.

9 Q Yes. Okay.

10 A And he made a comment that I'm not going to
11 repeat on tape.

12 Q Okay. Bruce Black did?

13 A No, Rod Snow did.

14 Q Oh, Rod Snow did.

15 A And we'll talk off the record --

16 Q Okay.

17 A -- but --

18 Q All right.

19 A It's amusing.

20 Q All right. Now, this says that:

21 "However, the fact remains that he" -- Rosenblatt
22 -- "gave his only copy of tape recordings made by
23 an undercover source to a total stranger, Rob
24 Owen. Owen did not tell Rosenblatt he worked for
25 North, or the CIA. He told him he was working for

1 a private organization."

2 Now, this is according to the footnote 9:
3 "Rosenblatt deposition of 9/25/87, page 58." And my
4 recollection is that according to Rosenblatt, how Rob
5 Owen told Rosenblatt that Rob Owen was working for the
6 Institute on Terrorism and Sub-National Conflict, the
7 director --

8 A That's my understanding.

9 Q -- of which is Neal Livingston.

10 A Right. That's my understanding that that's
11 not how it happened, in that North represented to
12 Rosenblatt that he was, in fact, an employee of the
13 National Security Council.

14 Q Okay.

15 A And that's why Rosenblatt was forced to
16 allow this to happen.

17 Q Okay.

18 A Because they wanted to save him to cover
19 their own ass.

20 Q All right. Now, the next paragraph, on page
21 648 says:

22 "Not surprisingly, Owen never returned the
23 tape recordings. Instead, he made two trips to
24 Costa Rica to meet with the DEA agents."

25 And at footnote 10, they cite as authority

1 for that proposition the Owen deposition of 10/1/87 at
2 page 21 and a memorandum of the Owen deposition of
3 10/1/87. And it says:

4 "When asked about the incident during his
5 deposition, ..."

6 -- I take it that is the Owen deposition
7 being taken by the Congressional investigators for the
8 contra, the Iran/contra committee, that:

9 "When asked about the incident during his
10 deposition, Owen refused to answer questions,
11 claiming a questionable attorney work product
12 privilege. Owen claimed that all of his
13 activities during the Kelso incident were attempts
14 to investigate allegations made against him in the
15 Avirgan Honey lawsuit."

16 A And that's not true. Because I haven't -- I
17 don't know anything about the LaPenca bombing.

18 Q Yes?

19 A Nor do I -- you know, it's none of my
20 business. That's history.

21 Q Yes.

22 A I was working on things that were current.
23 Okay? So, where Owen comes off saying that, I don't
24 know.

25 Q Okay. It says that:

1 "Even if this were true, there was no legal
2 basis for refusing to answer the committee's
3 questions." -- That is Owen. -- " Furthermore, if
4 it's true, it would mean an even more egregious
5 misuse of the criminal investigative process.
6 That is, if North and Owen were using the Customs
7 Service to provide them with criminal case
8 information in order that they might defend
9 themselves in the civil suit, it was a flagrant
10 abuse of North's position at the National Security
11 Council."

12 A And, if you look at the other testimony, it
13 documents just that. They did, in fact, use some
14 information gathered from Larry LaDage in order to
15 insulate and protect themselves; what they thought was
16 on all ramifications. But that was that -- their
17 mistake.

18 Q Okay. So, now what I want to do is, we want
19 to take a break for lunch; it's now 1:20 almost, and
20 grab a sandwich. And then I want to come back and I
21 want to talk with about two things.

22 One is, I want to have you establish for the
23 court -- for Judge King, your bona fides as a man
24 working for LaDage and these other men whom we've
25 talked about. To explain to them the history of that,

1 briefly, so that Judge King can establish the bona
2 fides of your information.

3 And then, secondly, I want to ask you a
4 number of questions about this peculiar series of
5 events that have occurred since you returned -- the
6 things that have happened to you.

7 A Umm hmm.

8 Q The kind of information that you have that
9 could be perceived by Rob Owen as information relating
10 to the allegations made against him and his co-
11 defendants in the Avirgan Honey lawsuit. Okay?

12 MR. SHEEHAN: So, let's take a break and
13 grab a little sandwich.

14 MS. REPORTER: We'll go off the record.

15 (OFF THE RECORD)

16 MS. REPORTER: We're on the record at the
17 beginning of videotape number 3 in the deposition
18 of Joseph Kelso. The time is now 2:46 p.m.,
19 Monday, May 23rd, 1988.

20 Q Mr. Kelso, before we took the break for
21 lunch, I'd indicated to you that during the afternoon
22 session, I wanted to do two things. One, I wanted --
23 the second thing I wanted to do this afternoon is to
24 engage in some questions with you about the general
25 substantive information that you obtained in Costa Rica

1 that Mr. Owen would have perceived, properly, to have
2 related to the allegations made against him and others
3 in the Avirgan Honey lawsuit.

4 And the first thing I told you I wanted to
5 do was to set forth some information on the record for
6 the court, to establish your bona fides, so that the
7 court would understand that you, in fact, had the
8 capacity and the credibility to testify about the
9 things that you've testified about.

10 But, before starting those two things, I'd
11 like to ask you a question. That there's -- when you
12 were investigating things in Costa Rica, did you have
13 occasion to investigate any of the activities with
14 regard to financing or money moving by the defendant,
15 John Hull, in this case?

16 A Yes. The one part was the National Bank of
17 Costa Rica, or the Bank of Costa Rica as it's named.
18 The second in command there, through one of my sources,
19 contacted and said that he wanted to talk to somebody
20 about John Hull. And it was involving 30 million plus
21 dollars.

22 And, we went up to the bank and he got real
23 nervous that we were talking to him, because he was
24 afraid that they were going to kill him for talking.
25 But, as it was, we sat and chatted with him; there was

1 other people there that came with John and the person
2 didn't know how to describe them. You know, was unable
3 to describe them so we could figure out who they were.

4 But, the bottom line was is that the guy --

5 Q But, let's just --

6 A -- and the president of the Bank of Costa
7 Rica wanted too much percentage to do the -- if you
8 want to use the term -- laundering and, of that block
9 of funds. And they didn't want to do what -- the
10 bankers didn't want to do what John Hull and associates
11 was asking them to do.

12 So, from that, they mentioned the Wheaton
13 Bank. And the Wheaton Bank is about six to eight
14 blocks away from the Bank of Costa Rica.

15 Q Okay. So let me understand this. What
16 you're saying is that when you and another associate
17 went to interview this man who was the number two
18 official in the national Bank of Costa Rica; this man
19 told you and your associate that he had been approached
20 by John Hull and asked to launder, or to accept on
21 deposit in some form, in excess of \$30 million from
22 John Hull; is that correct?

23 A That's correct.

24 Q And that the president of the Bank of Costa
25 Rica was going to insist upon charging a, too high a

1 percentage of -- out of the money to handle that
2 transaction --

3 A Right.

4 Q -- for John Hull?

5 A Right.

6 Q And that the president of the Bank of Costa
7 Rica and this second in command, recommended to John
8 Hull that he might go to the Wheaton Bank; is that
9 correct?

10 A That's correct.

11 Q Is that "W-E-E-D-O-N" -- "Weedon"?

12 A That's correct. Well, that's phonetic, but

13 --

14 Q Okay. And now, did this man who was number
15 two in the national Bank of Costa Rica; did he tell you
16 what, if anything, John Hull said about what the
17 origins of this money were?

18 A No. Other than that it was money that they
19 wanted little or no paperwork on the money. And that's
20 all he would refer to.

21 Q Okay. What did he -- when you say that he
22 used the -- or, you said --

23 What phrase was used by John Hull, if any,
24 according to the man?

25 A I don't know. The conversation that the

1 banker told us is that they wanted little or no
2 paperwork on the deposit of money.

3 Q Okay.

4 A So --

5 Q So, it was a deposit of money that they
6 wanted to make, and then make withdrawals from it over
7 time?

8 A Yes.

9 Q Okay. And when was this that you had this
10 conversation with this man who's the number two at the
11 National Bank of Costa Rica?

12 A Approximately May.

13 Q May of 1986?

14 A Yes.

15 Q Did he tell you when the approach was made
16 to him by John Hull?

17 A Well, previous to that.

18 Q A short time previous to that?

19 A I don't know anymore. It's in the
20 notebooks.

21 Q Okay.

22 A So --

23 Q Now, you made references earlier to these
24 notebooks that you had. Were these notebooks taken by
25 Mr. Nevas and the other persons in Costa Rica when they

1 this process of being put in custody and brought to the
2 incarceration center and all that.

3 A Right, right.

4 Q Now, when -- you said that when the DIS
5 people came to take you out of there --

6 A Umm hmm.

7 Q -- you had gone into your materials and
8 looked through them all; that money and some other
9 things had been taken out of there.

10 A Yes, but that's personal belongings and
11 money --

12 Q Okay.

13 A -- were, was taken.

14 Q Okay. But the documents were still intact?

15 A The documents were still intact; I was
16 missing a few receipts --

17 Q Yes?

18 A -- and that's it. Nothing relative to --

19 Q Okay.

20 A -- to travels in other places.

21 Q All right. So, you gathered together those
22 materials again. And the DIS agents took you out of
23 there?

24 A Right.

25 Q And then, where did you go?

1 A Over to DIS headquarters.

2 Q Yes? And you said they took good care of
3 you and let you take your shower and --

4 A Oh, yeah.

5 Q Now, when was it, between that point in time
6 and when you left Costa Rica, that, if at all, some
7 other agent got at your documents?

8 A Previous to getting on the airplane by about
9 three hours.

10 Q Yes?

11 A He told me that his controller -- which I
12 knew that person's name -- had ordered him to remove
13 any and all information regarding a certain subject.
14 And that if I had any questions, that "M" would put me
15 on the telephone with "M's" controller.

16 Q Okay.

17 A And I didn't have a problem with it.

18 Q Okay.

19 A Because I knew how the controller worked.

20 Q Okay. Now, was the -- were the documents
21 that he was talking about removing from your corpus of
22 documents those that related to your trip during July
23 of 1986, when you went out of the country?

24 A Yes. About -- well, 100 percent of the
25 documentation there. And about 10 percent of what was

1 happening in Central America.

2 Q Now, is that particularly focussing on Costa
3 Rica itself?

4 A Somewhat. It -- basically the Arras
5 situation.

6 Q The Arras stuff? So that they -- this agent
7 removed the documentation relating to the trip that you
8 made out of Costa Rica for July of '86, and that
9 portion of your Costa Rican material that related to
10 the Arras assassination attempt?

11 A Yes.

12 Q Okay. Now, had you ever met this agent
13 before, who took these materials from your --

14 A Yes. It was "M".

15 Q It was "M" himself? Yes; okay. Did he tell
16 you why he was taking those?

17 A Yes.

18 Q What did he say?

19 A Because he was being directed by his
20 controller, which I knew and I'd talked to her, that --
21 in Washington, D.C. -- that the receipts be removed
22 from my possession and given to him for safekeeping in
23 case anything happened to me on the way back.

24 Q Okay. And these documents; was there
25 anything in those documents besides receipts?

1 A Well, sure. There was tape
2 there was photographs; there was rolls of film
3 was receipts; there was business documents; certain
4 telephone numbers, operation telephone numbers; notes
5 from the operation.

Q Okay.

A So --

Q And you gave all of those to "M"?

A Yes.

Q Okay. Now, what was your understanding of
that the -- you stated that "M" was the liaison that
usually communicated with Scott McDaniels; is that
correct?

14 A That's correct.

Q And that Scott McDaniels was hooked up with
SouthCom?

A That's correct.

18 Q Now, was "M's" control officer that you're
19 talking about in this instance a person that's not
20 connected with SouthCom?

21 A That's correct.

22 Q So, "M", in fact, reported to more than one
23 person above him in the line --

24 A Okay. Let's --

25 Q -- is that correct?

1 A -- straighten that out.
2 Q Okay.
3 A "M's" control was through DOD.
4 Q Okay.
5 A In the Pentagon.
6 Q All right.
7 A Okay? So, "M" does indirectly have
8 association with SouthCom all the time anyway. So, you
9 know, he -- it's a fine line.
10 Q Okay. Now -- and you knew who this person
11 was -- that "M's" control officer was. And she was
12 just generally -- you just knew, in the Pentagon?
13 A The person was in the Pentagon.
14 Q Okay. Now, did he say what he was going to
15 do with those documents; was he just going to keep them
16 there or send them on?
17 A The person requested that it be delivered to
18 Washington.
19 Q Okay. And so "M" was going to take care of
20 that?
21 A Right.
22 Q Okay. So, you leave Costa Rica --
23 A Umm hmm.
24 Q -- in either the end of the first week or
25 the beginning of the second week of August of 1986.

1 A Right.

2 Q Without the documents relating to the place
3 you went to in July of '86 upon leaving Costa Rica.
4 And without approximately ten percent of your documents
5 relating to your investigations in Costa Rica;
6 specifically, those that related to the Arras
7 assassination attempt?

8 A That's correct.

9 Q Okay. So you arrive in the United States --

10 A Umm hmm.

11 Q -- you come through Mexico City --

12 A Umm hmm.

13 Q -- and then transfer to the plane going to
14 Denver.

15 A Umm hmm.

16 Q You arrive in Denver without your documents
17 relating to your July 1986 operation, and with about 90
18 percent of your documents relating to the Costa Rican
19 thing, minus the Arras assassination attempt?

20 A That's correct.

21 Q Okay. Now, did there occur any additional
22 review of your documents by anyone that removed any
23 other portion of those documents?

24 A Yes.

25 Q When and how did that happen?

of it up in Washington.

Q Okay. And explain to me first the -- with regard to Denver. Who -- what nature of person came to review those documents; how did they review them; and, what did they take?

A Well, they came in and segregated telephone numbers and removed telephone numbers from the notebook. Then, at that time, I also returned the telephone book and the information to Rod. I mean, you know, what was left.

Q Okay. So, it was the telephone numbers, specifically, that that person in Denver was looking at.

A That they were interested in; right.

Q So this was when; the second week of August of 1986?

A Well, it was like the second day, third day I was there.

Q Okay. So it would be in that second week --

A Yeah.

Q -- or so of August. Okay. Now, where did that person come from?

A Well, he does courier work and troubleshooting for the CIA.

1 Q Okay. So, did you have any prior notice
2 that that person was going to arrive?

3 A No. Well, I shouldn't say that. I played a
4 -- I shouldn't say "played" a game, but it's a method
5 of going and localizing where you're at, using a
6 telephone.

7 Q Okay.

8 A With "M". And when I called "M" with that
9 procedure -- okay? And I asked him, "do you think we
10 have enough time," you know?

11 Q For them to locate you?

12 A For them to locate me. And he said, 'well,
13 let's hang on for a few more minutes, just to be sure.'
14 And I said, "okay, fine." So -- because I didn't have
15 the contact number for the people I needed to go. So,
16 I knew if I set the stage that way, and you know, we
17 were being very overt in regarding them tracking it.
18 They would -- person monitoring would automatically go
19 and make sure that it got tripped.

20 Q Okay.

21 A So -- which it did.

22 Q So, you called "M" who was back down in
23 Central America, from Denver --

24 A Umm hmm.

25 Q -- stayed on the line intentionally long

1 enough with him so that they could track you?

2 A Yeah.

3 Q And then, this person came to see you; this
4 courier guy?

5 A Yes.

6 Q And did he tell you that he had come as a
7 result of them having monitored where you were?

8 A No, he said I got your message and your
9 other associates want me to pick up some miscellaneous
10 scraps that you had. And I said fine. And so, we went
11 through everything and tore out what we were supposed
12 to tear out and then he took them.

13 Q Now, how did he do this physically; how did
14 he get the phone numbers out of your notebooks? Did
15 they white them out, tear them out? How --

16 A No, no. We took -- tore them out.

17 Q The whole page or just --

18 A Just the page of what related. I mean, you
19 know, when there was strip of like a telephone number,
20 we just ripped out that strip.

21 Q Okay.

22 A So -- we didn't want to disrupt anything
23 with Larry LaDage and that; anything that would be
24 intrinsically valued to the criminal cases that Larry
25 was working on. Now, the intelligence community

1 numbers is the ones that we destroyed. So --

2 Q Okay. So you tore those numbers out and
3 gave them over to this courier guy?

4 A Yep.

5 Q Okay. And then you said that there was a
6 third contact with your notes --

7 A That's with "A".

8 Q With "A". Okay, you went up to Washington
9 state, you said, and you went to meet "A".

10 A Umm hmm.

11 Q And how long after your arrival back in the
12 States in that beginning of the second week of August
13 was it before you went up to Washington state with "A"?

14 A Well, I was there about a week and a half,
15 two weeks here in Denver and "A" was rushing me to
16 hurry up with what I'm doing, and in his words, "get my
17 skirts cleaned". And then "we've got work to do".

18 Q Yes?

19 A "We've got something we want you to go on"

20 --

21 Q Okay.

22 A -- excuse me -- "right away."

23 Q All right.

24 A And I says, "well, you know, it's not going
25 so well, I need some help, you know, to get this thing

1 resolved." And finally it came down to, he just said,
2 you know, 'well, we can't do it with Bruce Black, and
3 you know, we don't trust Rod'. So, to hell with it and
4 come on up here. So, I did.

5 Q Okay.

6 A And --

7 Q So, you flew up to Washington state and met
8 with "A".

9 A Umm hmm.

10 Q And he took a look at your notes himself?

11 A Umm hmm.

12 Q And, did he take anything out of the notes?

13 A Well, a few things. The telephone numbers
14 in another book that I had; he was interested in that.
15 And then some other notebooks that Rod had not even had
16 a chance to see --

17 Q Yes?

18 A -- that he filtered through that, also.

19 Q Now did -- when you say "he filtered
20 through"; did he take stuff out of it?

21 A Yes. He looked through it and tore -- you
22 know, we -- together we tore pages out of it.

23 Q Okay. Now, what was the nature of the pages
24 that defined them in common that caused him to take the
25 stuff out? What was he after?

1 A Well, he was nervous about the warehouse
2 notes.

3 Q So that part of the stuff relating to the
4 Arras assassination had still been left in there, to
5 the extent to which the warehouse in northern Costa
6 Rica and those weapons related to Arras.

7 A Right.

8 Q So, he knowing that that was related to
9 Arras took those out; is that correct?

10 A Right. And then he also, for his own peace
11 of mind, wanted to make sure that nothing was in there
12 regarding July.

13 Q Okay. The July trip outside of Costa Rica.

14 A Umm hmm.

15 Q Okay. Now, so "A" knew about the content of
16 your mission in July of 1986, when you went out of
17 Costa Rica?

18 A He was my controller.

19 Q Okay. And "M" knew about the content
20 because he took those documents -- receipts, et cetera
21 -- out of your file before you left Costa Rica; right?

22 A He knew about them because "A" sent someone
23 over from that place to Costa Rica to meet. And "M"
24 assisted in that, making the introduction and the
25 relationship and -- you know?

1 Q No, I'm not clear about that. Now, before
2 you left Costa Rica after you'd returned from your July
3 mission --

4 A Umm hmm.

5 Q -- did "M" put you in touch with somebody,
6 this person you're talking about?

7 A Before, yes.

8 Q Before you left or after you came back?

9 A Before.

10 Q Before you left?

11 A Yes.

12 Q Okay. Let's back up to there a little bit.
13 Now, you're in Costa Rica from February -- February,
14 March, April, May, June -- of 1986. And so, apparently
15 sometime in June of 1986, before you left Costa Rica,
16 "M" brings a third party to come to see you.

17 Now, did this person brief you or prepare
18 you for the operation outside of Costa Rica; is that
19 what they were there for?

20 A Yes.

21 Q Okay.

22 A He made the proposal.

23 Q Okay.

24 A And I called "A", and said, "do you
25 understand what he's asking me about?" And they said,

1 'yes'. I said, "is this sanctioned?" He said, 'yes'.
2 And I said, "well, I've got more questions." And he
3 said, 'well, that's understandable'.

4 Q Yes?

5 A So -- and that's where it sat. Now, "M"
6 with his boss, also talked about that. And his boss
7 also reiterated the fact that it was a 'blessed'
8 sanctioned project.

9 Q And so you talked to the control officer for
10 "M" as well as directly to "A" and whoever this third
11 party is that "M" put you directly in touch with. And
12 they verified that this was an authorized operation, a
13 sanctioned operation for you to go on outside of Costa
14 Rica for July of '86?

15 A Umm hmm.

16 Q Okay. So, now, when you came back to Costa
17 Rica in August -- the first week of August of '86 --
18 when you got ready to leave in the beginning of the
19 second week of August, "M" took all the materials out
20 of your possession that related to or evidenced the
21 substance of your mission in July; is that correct?

22 A That's correct.

23 Q And when the courier came to you in Denver,
24 that person -- after your arrival back in the States in
25 the second week of August -- took the phone numbers --

(knock on door, secretary enters)

SECRETARY: Danny, you're wanted on that bottom line.

MR. SHEEHAN: Okay. Excuse me; let me take one -- just a short break here.

MS. REPORTER: We'll go off the record.

(OFF THE RECORD)

MS. REPORTER: We're back on the record.

Q Okay. And that this courier in Denver took just the phone numbers out of your remaining materials. And then you went up to Washington state to meet with "A", who knew about your mission.

And he went through and took out of your remaining notes all the information about the warehouse in northern Costa Rica, which you say related to the Arras assassination stuff.

And he went through the rest of your records to make certain that there was no indicia of evidence left about the substance of your mission in July of '86; is that correct?

A That's correct.

Q All right. Now, when you were talking with "A", were you asking "A" about your next assignment or trying to figure out what you were supposed to do with regard to another assignment?

1 A No, he had a couple ideas and then they had
2 me going and doing some design work on another project.

3 Q Okay.

4 A And, go from there. And a certain person
5 that I had met in my travels; they wanted to contact
6 him and bring him over there to talk to them. So, I
7 made the call and that person did, in fact, come up to
8 -- excuse me --

9 Q Yes?

10 A -- come up to Washington to meet.

11 Q Okay. Now, with regard to your -- the
12 operation in the outside of the country, that July
13 operation; you say the materials relating to it were
14 left with "M" down in Costa Rica?

15 A Right.

16 Q Now, was "M" supposed to send those
17 materials to "A" -- to Mr. "A"?

18 A Well, that was a possibility. But, I think
19 that everything, all those documents, went to his
20 controller at the Pentagon.

21 Q To "M's" controller?

22 A Yes.

23 Q Call "M's" controller "P" for Pentagon,
24 okay?

25 A Okay.

2 your July '86 mission outside of Costa Rica went via
3 "M" to "P"?

4 A I'm sure of that.

5 Q Okay. Now, did you talk with "A" about
6 getting additional copies of those documents or getting
7 any information to "A" about your mission?

8 A I wasn't ordered to do so.

9 Q Okay. Now -- but was your case officer for
10 the mission in July; is that correct?

11 A That's correct.

12 Q Was "A" aware, based on your conversations,
13 of the fact that "P" had the documents?

14 A Yes.

15 Q Ah. Okay. Now, do you know whether "A" was
16 ever given access to those documents, or if they stayed
17 with "P"?

18 A I have no idea. Probably "P" still
19 maintains them. But, associates of "P" fly out there
20 all the time --

21 Q Okay.

22 A -- to meet with "A".

23 Q All right. Now, is it -- you indicated that
24 "A" was associated with the National Security Council;
25 that's how you perceived him and he said that?

3 to the remainder of the documentation that you had; do
4 you have access to that, to those documents now?

5 A Somewhat.

6 Q Okay. Now, you're at a halfway facility
7 now, right? A halfway house. Do you have those other
8 documents in some secure place where you can get access
9 to them?

10 A Yes.

11 Q Okay. Have you shared any of these
12 documents with Bruce Black to try to establish your
13 bona fides with him?

14 A To a point.

15 Q Okay.

16 A You know, Bruce has been aware of quite a
17 few; but not everything.

18 Q Okay. Now, you said that in your efforts to
19 establish your bona fides with Bruce Black via Rod
20 Snow, Rod Snow had recommended that you undertake a
21 series of telephone calls. And that you record these
22 telephone calls to demonstrate your bona fides to Bruce
23 Black. Is that correct?

24 A That's correct.

25 Q Okay. So, starting in that second week of

2 Costa Rica and you were in Denver, Colorado; did you,
3 in fact, undertake a number of telephone conversations
4 with various people which you tape recorded?

5 A That's correct.

6 Q Okay. And can you describe those for us, or
7 discuss those with us so we have some idea of what --

8 A Well --

9 Q -- you did there?

10 A -- there's two things. Bruce Black, in a
11 summary conversation that we had, came out and
12 basically said that the -- he can not pin down exact
13 people, you know, at the high level that I was dealing
14 at.

15 Q Yes?

16 A But, all he knew is the game was being
17 played right at the top. You know, within directors of
18 different agencies --

19 Q Yes?

20 A -- that my work was being done for and
21 through.

22 Q Okay.

23 A And that, in his ability, that he could not
24 even start to probe; that every time he made an
25 inquiry, you know, people knew who I was.

2
3 part when we went to court, you know, during my little
4 hearing that --

5 Q With Judge Feinsilver?

6 A With Feinsilver, that he was more than
7 satisfied with who I was working for, what I was doing,
8 what I was asked to do and what I did.

9 Q Okay. Now, is that -- was that a public
10 hearing?

11 A Yes.

12 Q Okay. Now, in the public hearing, what did
13 Bruce Black say to Judge Feinsilver about who you were
14 working for?

15 A Well, they didn't come right out and say it
16 in court; they were beating around the bush in order to
17 hide any other -- dragging anybody else into it.

18 Rod Snow came out and said that much of what
19 we read in the newspaper today in the headlines and
20 news is exactly what Mr. Kelso was involved in in other
21 countries.

22 Q What --

23 A And that's --

24 Q What was it he was talking about?

25 A Well, what he was talking about was this

1 Q I'm just saying, because you have to tell
2 the court.

3 A Yeah. What he was talking about is this
4 exact incident. You know, my work, you know, at --
5 through the embassy in London and all the work I did in
6 London and Europe. And continued work in the --
7 Central American and the other locations that I was at.

8 Q Okay. And when he said that it was the kind
9 of thing that you read about in the headlines everyday
10 --

11 A Yes.

12 Q What was he referring to there?

13 A He was referring to the whole Iran/contra
14 deal as a whole.

15 Q Okay.

16 A And --

17 Q Now, would it have been -- just, you know,
18 this is a question I just want you to answer to your
19 best -- that which Rod Snow was referring to or Bruce
20 Black was referring to; was he talking about these
21 private contract relationships with people?

22 A No, no, no. This is --

23 Q What was he talking about?

24 A -- direct -- he was referring to direct

1 first, of course, he refused. You know, telling me
2 that 'our government doesn't work this way'.

3 Q Yes.

4 A You know, because of his knowledge and
5 stuff. But then, the more and more he researched, the
6 more and more he found out I was telling the truth.
7 And not only was it, you know, it was -- you know, one
8 way or the other, it was exactly it 100 percent with no
9 deviations. And that's what started to scare the shit
10 out of him.

11 Q Okay.

12 A Because, you know, I was forecasting things
13 that was months to years in advance. You know?

14 Q Yes?

15 A And since then, like you said, everything
16 you said has come true.

17 Q Okay. So, let's explore that. Now, when
18 you talked with Bruce Black, how much of your
19 background did you communicate to him, the U.S.
20 Attorney?

21 A Well, I mean, you know -- he knew the basic
22 background but had no ability to even think about
23 probing it, let alone -- overtly, you know, let alone
24 covertly. And he -- there was no way to -- what do you
25

2 He had no previous education in going and
3 looking at something and understanding 'is this a pair
4 of sunglasses sitting on the desk, or are they
5 something else?'

6 Q Okay.

7 A Okay? And that's the problem in that
8 industry, is you're not always looking at, you know, it
9 may look like a pickup truck parked out there in the
10 parking lot. But, it may not be a pickup truck.

11 Q Okay. Let's take a look at this now. About
12 this world of appearances and the reality of this.
13 Now, you -- where was it that you graduated from high
14 school?

15 A Well, Bennild (phonetic).

16 Q Bennild --

17 A Yeah.

18 Q -- High School. And where is that located?

19 A St. Louis Park, Minnesota.

20 Q St. Louis Park, Minnesota.

21 A Right.

22 Q And whereabouts is that in Minnesota,
23 generally?

24 A Well, it's a suburb of Minneapolis.

25 Q All right. So, outside of Minneapolis.

3 A Well, a place called Dunwoody (phonetic).

4 Q Dunwoody?

5 A Yeah. Which is an industrial college; it's
6 a combination college and industrial education.

7 Q All right. And what did you study there and
8 for how long?

9 A Well, there it was welding and metallurgy.

10 Q Okay.

11 A And -- which is pretty much unrelated to
12 this, but at the same time, I was also involved in the
13 public safety department and going to school for that.

14 Q Okay. Now, let's focus on that. You went

15 -- enforcement cadet program. And then from there --

16 A Okay.

17 Q -- you went to Dunwoody and you were
18 studying this other issue of the vocational graduate
19 school, basically, of welding and metallurgy --

20 A Right.

21 Q -- et cetera.

22 A Right.

23 Q But, you say at the same time now -- and you
24 graduated from high school in when?

25 A '74.

1 were at Dunwoody.

2 A Right.

3 Q And in addition to doing those studies, you
4 were working with the public safety department --

5 A Right.

6 Q -- of -- what was the county or --

7 A Golden Valley, Minnesota.

8 Q Golden Valley, Minnesota Public Safety
9 Department.

10 A Right.

11 Q And you were -- what is it you were studying
12 with them?

13 A Well, I was originally involved in a law
14 enforcement cadet program. And then from there --
15 well, as soon as I turned 18, rather than going to work
16 for the police department -- which you know, I didn't
17 totally agree with the politics there -- I went to the
18 fire department.

19 Q Okay.

20 A Okay? And went and followed education in
21 that area; life safety courses.

22 Q Okay. Now, in that context, did you become
23 a marksman? Did you become a target shooter as a hobby
24 or working in that capacity?
25

2 cadet program I took first place in a five s
3 -- you know -- combat tunnel type shooting. And --
4 that category.

5 Q Okay.

6 A And --

7 Q This is between '74 and '76 --

8 A Yeah.

9 Q -- in that period?

10 A Yes.

11 Q Okay.

12 A And beyond that, then I continued in
13 weapons. And when I became -- got in the fire
14 department, then they asked me to become a range
15 officer at the police station also.

16 Q Okay. So --

17 A To teach, you know, other cops how to shoot.

18 Q Okay. So, by 1976 or so, you're a range
19 officer for the public safety department --

20 A Right.

21 Q -- of Golden Valley, Minnesota --

22 A Right.

23 Q -- and you're, you know, an excellent
24 marksman. And you're training people in the public
25 safety department, police department, et cetera --

2 Q -- in shooting?

3 A Right.

4 Q Okay. Now, during that period of time, were
5 you -- say, 1976, were you -- was that a full-time
6 employment, or did you go to work for a company?

7 A No, I went to work for a company and that
8 ended up to be Barber Industries, Tech Engineering
9 also.

10 Q Barber Industries, Tech Engineering. And
11 was there a company called ICI?

12 A No, no; that's future. I mean, that's a
13 ways off.

14 Q Okay, future. Okay. So, Barber Industry
15 and Tech Industry.

16 A Right.

17 Q And you're working for them; that's your
18 employment.

19 A Right.

20 Q And you're also working --

21 A For the fire department --

22 Q -- for the fire department.

23 A -- and the public safety.

24 Q Okay. As a range officer?

25 A Right. And then during that same time

arms instructor for the state, also.

Q Okay.

A So --

Q Now during that period of time -- okay.
Just as a quick second; what was it you were doing for
the private company -- Barber Industries?

A Well, we were welding unusual aluminum
products. You know, it was a -- like a model shop.
You build one, two, three, four or five type thing.
And you develop welding procedures, write training
manuals for manufacturing companies to come up, pick
the tool and die and the equipment and put it into
manufacturing.

Q Okay. So, this was your profession?

A Yeah.

Q And then you had this other dimension to
your life, which was working as a range officer and a
fire arms instructor and a marksman. So, that went on
in that employment and in that kind of avocation --

A Umm hmm.

Q -- for how long; from 1976?

A Well, okay. Barber Industries and that was
-- that's after 1978. But, the working in the law
enforcement or public safety department went about five

2 public safety officer.

3 Q Okay. So this is from 1976 up to 1981,
4 so?

5 A About 1980, '81 --

6 Q 'Til about 19 --

7 A -- right in that area.

8 Q Okay. So this is in Golden Valley,
9 Minnesota and you're doing this public safety officer,
10 range officer, et cetera, excellent marksman, et
11 cetera. Now, did there -- there was another avocation
12 of sorts that you were engaged in at that time. Wasn't
13 it something of survivalist mountain climbing --

14 A Well, yeah. One of my --

15 Q -- outdoor activities. What was it?

16 A -- hobbies was mountaineering, rock
17 climbing, ice climbing and mountaineering. And we'd
18 travel all over the country, basically, going climbing.

19 Q Okay. Was there a club of some sort that
20 you participated in?

21 A Well, no. Just some real close friends.

22 Q Okay.

23 A And we would travel from Minnesota to Mt.
24 Rainier, to Mt. Robson, you know, Devil's Tower. We
25 went everywhere. The Tetons.

1
2 early 1981, did you have occasion to meet some
3 individuals that were former military men? And tell us
4 about that.

5 A Okay. There's a place outside Minneapolis
6 called Taylor's Falls, which is -- you know, it's --
7 after work you can jump in the car, drive up there and
8 still have a couple hours of climb. Or, you know, on
9 the weekend you can go up there. And it's a nice
10 place.

11 I met the two military people in that area,
12 at Taylor's Falls.

13 Q Okay. And give me a name to use for each of
14 these two men -- at least a hypothetical name so we can
15 --

16 A Well --

17 Q -- refer to them.

18 A Are we out of letters?

19 Q Well, no. But let's --

20 A How about --

21 Q Let's call them "SF-1" and "SF-2".

22 A That's fine.

23 Q Okay? So, you meet in late 1981 or early
24 1982 at Taylor's Falls. "SF-1" and "SF-2", former
25 military -- U.S. military personnel, while you're

2 A Umm hmm.

3 Q And tell us what happened in that
4 relationship; what they said to you and what happened?

5 A Well, out of that it developed and they were
6 into shooting; you know, range shooting, combat
7 shooting, competition shooting. And one thing led to
8 another there, and so we'd go down to the range and
9 shoot a couple hundred rounds. And you know, just
10 spend the day.

11 Q Okay.

12 A So -- and, out of that, there was also other
13 introductions that they made into specialized
14 electronics, photography, data collection. You know,
15 it's -- got pretty intense.

16 Q So these two men, "SF-1", "SF-2", brought
17 you to a series of training sessions; is that correct?

18 A Yes.

19 Q With regard to, when you say electronics;
20 what type of electronics?

21 A Well, basic electronics for wiretapping,
22 bugging, locating.

23 Q Okay. Electronic surveillance?

24 A Electronic surveillance.

25 Q Okay.

2 Q Okay. And specialized combat shooting
3 skills?

4 A Well, that -- I mean, we would go and start
5 working on combat shooting more, because that's what
6 they were in. Into, you know, alley work.

7 Q Okay.

8 A What's called "alley work". But --

9 Q Okay. Now, you use the phrase "we"; you
10 meant these people?

11 A Well, there was some other guys involved
12 too. And they dropped out, because it was starting to
13 get too intense and they weren't into it. So, it ended
14 up to be basically myself out of the group that, you
15 know, continued and ---

16 Q Okay. Now, when you say it was getting more
17 and more intense throughout that period; how long a
18 period did this cover? From late '80 -- say, late '80,
19 early '81.

20 A Well --

21 Q How long did this process go on with your
22 relationship with "SF-1" and "SF-2"?

23 A On and off for two years and it happened
24 before '80, also. But --

25 Q Oh, so you met them before '80?

2 Q Okay. So you met them earlier?

3 A Yes.

4 Q Like this was in 1980 that you met these
5 people?

6 A Well, no it -- the first time was before
7 that, climbing. And then it went on from there.

8 Q Okay. So, like 1979?

9 A I mean, this thing -- well, I'd have to sit
10 down with a piece of paper and figure out the log.
11 Because I was still in -- on the fire department.
12 Because I would have to sign out, like some of the out
13 of town meetings we had with their friends and with
14 regular government agents, I had to sign out at the
15 fire department, so, you know. We can go back to the
16 records there and find out the dates.

17 Q Okay. So you think it may be as early as
18 '79, that you met these people?

19 A Yes.

20 Q Okay. And then what, over like a two year
21 period, '79, '80 --

22 A '80 right in that area.

23 Q In that area, okay. And by 1980 or late
24 1980 or early '81, you were the only one left out of
25 your group that was still working with "SF-1" and

2 A Right.

3 Q Now, where -- you say that you, when you
4 went with them, you would be introduced to U.S.
5 government people; is that correct?

6 A Umm hmm.

7 Q Like what?

8 A Well, you know, they never came right out
9 and got real blatant with it. But, I deemed them to be
10 FBI or CIA, you know.

11 Q Okay. And what did they -- what type of
12 jargon did they use, or what did they --

13 A Well, they just -- they didn't use industry
14 language or industry slang like I know it now.

15 Q Yes?

16 A They just -- everything was grassroots.
17 But, like when we were doing, you know, wire tap and
18 tracings and re-wiring PBX; it -- there had to be 500
19 to \$600,000 worth of electronics there.

20 Q Yes? And so it was because of the high tech
21 level and sophistication of the equipment that you came
22 to the conclusion that these were not amateurs. That
23 this was some professional government intelligence
24 operation; is that correct? Or law enforcement?

25 A Yes.

2 A Yeah, and they would just shrug their
3 shoulders and laugh.
4

5 Q Okay. Approximately how many, over a two
6 year period, say from '79 to '81; how many individual
7 sessions did you have with "SF-1" and "SF-2" and their
8 friends that you deemed to be intelligence people?

9 A About three days, four days a week with 1
10 and 2, and then the other guys would be about every
11 third week.

12 Q Okay. Now, did you do all of this training
13 inside the state of Minnesota?

14 A No. We travelled around to small towns.

15 Q To -- like how far away?

16 A About 200 to 300 miles.

17 Q Okay. And would you do this type of
18 training in woods or what would you do?

19 A No, no; a lot of it was done hotel rooms,
20 and some of the combat shooting and that, you know, we
21 did it out in woods and ranges and different police
22 departments. And, so --

23 Q Okay. Did they actually sign in to police
24 departments and use their ranges, et cetera, around
25 that area during that time?

3 these men; drivers license or anything else?

4 A No, they had government plates on the cars,
5 you know, a lot of times.

6 Q How would you know it was a government
7 plate?

8 A Well, it says U.S. Government on it, you
9 know?

10 Q Oh, I mean, their friends; the guys that you
11 met with.

12 A Oh, no. 1 and 2 always drove, you know, the
13 cars that they had, and that never changed. But these
14 other guys; sometimes they would show up with
15 government vehicles. You know, "GS" -- what I know now
16 as "GSA", you know, vehicles.

17 Q Okay. So, you went through this training
18 from '79 to '81. And in '81 were -- who were you
19 employed by at that time?

20 A Well, that would have been Gas Supply
21 previous in that area. Gas Supply would send me out of
22 town all the time. So, it wasn't so conspicuous when I
23 wouldn't have to go out of town for school, that no one
24 would know the difference.

25 Q Okay. Now --

A So --

Q -- let's back up now.

A Okay.

Q You were with Barber --

A Barber Industries --

Q Barber Industries --

A -- and the exact time in there, because I --
off and on. And then with Gas Supply it was off and
on twice. Then beyond that, then I went into
Industrial Contractors Industrial Group. And I had a
little service company that I had started that they
purchased.

Q Okay. And what was that little company
called?

A Well, the little one was Pipeline Service.

Q Right.

A And it was high tech welding and mechanical
repair of pressure vessels and pipeline malfunctions.

Q Okay.

A Something I had learned through Gas Supply.

Q Okay. And then you say that your smaller
company was bought out by a group; what was it called?

A ICI and IGI.

Q And what were the names of those companies?

A Industrial Contractors, Inc. and Industrial

1 Q Okay. So, you were working for ICI and IGI
2 during that time. And you -- this training was going
3 on some three days a week?

4 A Yeah. But, when I was with ICI and IGI and
5 up in North Dakota, I had nothing to do with those guys
6 in direct involvement.

7 Q Okay.

8 MS. REPORTER: Excuse me. We need to change
9 audio tapes.

10 MR. SHEEHAN: Okay.

11 MS. REPORTER: You may continue.

12 Q Okay. Now -- so there was a period of time
13 in here when you were working for IGI and ICI when you
14 no longer had regular contact with "SF-1" and "SF-2";
15 is that correct?

16 A That's correct.

17 Q How long a period did that go for, when you
18 didn't have much contact with them?

19 A Well, it finally broke off. You know, a
20 telephone conversations and then that broke off. And
21 then finally, it just -- it ended when I was with IGI
22 and ICI.

23 Q Okay. And --

24 A So --

2 these U.S. Government plate cars; did they ever ask you
3 to do anything?
4

5 A No.

6 Q Did they ever give you any idea of what it
7 was that -- why you were being trained to do this kind
8 of stuff?

9 A Well, you know, I took a lot under
10 assumption because of my uncle and his involvement with
11 the government. And it just -- I made comment about it
12 one time to him. And he says, 'well, it's an
13 opportunity that you should take.'

14 Q Who -- what does your uncle do?

15 A Well, he used to be the -- he started down
16 in the bottom in the IRS and Treasury Department;
17 worked his way up as a Treasury instructor in
18 Washington. And then from Treasury instructor, he's
19 now out of that and has something to do with the BOP in
20 Arizona.

21 Q Bureau of Prisons?

22 A Yeah.

23 Q Yes?

24 A And he's doing something like controlling
25 the assets for the BOP in the Arizona installations

2 A -- but --

3 Q Okay. So you say that when these -- over
4 this two year period, when you were going out on these
5 training exercises with "SF-1" and "SF-2" and their
6 associates, that you talked with your uncle about it?

7 A Umm hmm. ~~and what was that called?~~

8 Q And he simply said to you that it sounded
9 like an opportunity that you should really take
10 advantage of? ~~And did you start that company up, or~~

11 A Yes. ~~start it or what happened?~~

12 Q Okay. And so, when approximately was it
13 when you no longer had communications with "SF-1" and
14 "SF-2"? Approximately when was that?

15 A Well, in the North Dakota days, so it had to
16 be, like, '81 it finally -- you know, late '81,
17 somewhere in that period is where it finally died out.

18 Q Okay. So, late '81, you're at North Dakota
19 working with IGI and ICI -- ~~fields?~~

20 A Right.

21 Q -- and did there come a point in time when
22 you began to work in relationship with a group that had
23 to do with emergency firefighting or -- ~~or minerals?~~

24 A Right.

3 Q -- what was that?
4 A Well, that's technology that I had developed
5 and off the shelf technology that we gathered and then
6 utilized this technology in the oilfield industry and
7 oilfield applications.

8 Q Okay. And what was that called?

9 A Well, that company was called Extinguisher
10 Global Systems.

11 Q Okay. And did you start that company up, or
12 did someone else start it or what happened?

13 A Well, IGI started it up.

14 Q Okay. IGI started this Extinguisher --

15 A EGS.

16 Q -- Extinguisher Global Services?

17 A Right.

18 Q Okay. And you were working in that context
19 with them in developing that technique of emergency
20 extinguishing systems in oilfields?

21 A Yes.

22 Q Okay. Now in the context of that work, what
23 relationship, if any, did your work have to do to bring
24 you into contact with mineral exploration or minerals?

25 A Well --

3 Q -- stuff.

4 A A friend of mine was involved in doing it
5 and, you know, it's -- in this area, because we were in
6 Denver --

7 Q Yes?

8 A -- you know, played a couple weekends up
9 there in the hills.

10 Q Yes?

11 A And, anyway, he started talking about a
12 piece of land he had up in South Dakota and we went up
13 there and looked at it, and -- for development purposes
14 and that. And then, a couple other people involved in
15 the company said, 'well, let's pursue this thing and
16 see if it's viable'. Well, through those --

17 Q What was this thing they were looking at?

18 A Well, the viable -- they were looking at a
19 piece of real estate, land, to develop into a mineral
20 property.

21 Q Okay.

22 A And, anyway, the -- out of that came for me
23 to bump into a guy named Heinrich Rupp.

24 Q Okay. Now describe for me, if you can,
25 Heinrich Rupp; who he is and who he was? This is what,

3 A '83. Anyway, late '82, early '83.

4 Q Right.

5 A Heinrich Rupp is a Nazi war criminal;
6 staunch European attitude; staunch European dress. Had
7 some unusual telexes and telephone calls when I was
8 there at his office talking to him.

9 Q Okay. Now, do you recall exactly how you
10 met him, in the context of this mineral exploration and
11 stuff with IGI?

12 A It was -- well, he wanted to talk about the
13 property in South Dakota.

14 Q Okay.

15 A And I think that's how our first meeting
16 happened.

17 Q Okay. So, you met him. How old a man was
18 he in 1982?

19 A 45, 50 plus. I would say 50 plus back then.
20 So --

21 Q Okay. So, he was 50 years old or better --

22 A Yeah.

23 Q -- in 1982?

24 A Yes.

3
4 Q Okay. But, he was a man of middle age, the
5 50 years old or so at that time. And you met him and
6 you were a fairly young fellow. You were about 23 --

7 A Right.

8 Q -- 22 or 23 or something like that then?
9 Okay, so you met him; and did you start to develop any
10 particular specialized relationship with him or did you
11 get along especially well or --

12 A No, it's --

13 Q -- what happened?

14 A -- it -- we -- I should say we hit it off
15 well.

16 Q Yes?

17 A I mean, in our conversation, because I was
18 very direct and he was very direct and that's typical
19 of a European, you know, businessman. He doesn't like
20 to screw around like the American.

21 Q Yes?

22 A So, you know, we got along fairly well.

23 Q Yes?

24 A And then we started talking about the fire
25 technology and that. But --

Q -- that you developed. Okay.

A And he talked to some friends of his in Europe as far as the application of it in the aircraft industry and civilian structural industry.

Q Yes?

A And from there it -- when I had, you know, was coming to the office more often --

Q To his office?

A To his office.

Q Now, where was his office?

A His office was, geez, in West Denver down by Alameda; on Alameda Street on the mountains out there.

Q Okay. And where was your office with IGI?

A Over on Peoria.

Q In Denver?

A Right.

Q Okay.

A Out by Stapleton. But, I noticed a lot of telex coming in.

Q Yes?

A And there was times when I would go and watch the telexes come up. And, you know, they were

5 you make any inquiries to find out exactly what this
6 guy Heinrich Rupp did? What did he do?

7 A No, I remember making a comment to one of
8 the other guys in the office, saying that 'boy, that's
9 kind of an unusual shopping list'. And he started
10 laughing, and he said, 'yes, it goes on day and night.'
11 So --

12 Q Okay. Now, what in fact did Heinrich Rupp
13 do? What companies did he own, what profession did he
14 have?

15 A Well, he owns Swiss American Company, which
16 he still has; and, basically, he was an arms dealer.
17 And I didn't realize it at first. You know, I'd never
18 met one.

19 Q Okay.

20 A So --

21 Q And to the best of your judgment when you
22 met him in 1982, approximately how much was his net
23 worth, if you have any idea? Ballpark.

24 A I have no idea at all. None.

25 Q Is he a millionaire?

4 Q Okay.
5 A He had five or six Gullwing Mercedes here in
6 Denver.
7 Q Five or six what?
8 A Gullwing.
9 Q Gullwing Mercedes?
10 A Yeah, Mercedes; they're very rare.
11 Q Yes?
12 A And, anyway, those were collector's items.
13 You know, those are probably worth 150 -- 200,000 a
14 piece.
15 Q Okay.
16 A But -- and I don't know if -- I don't know
17 the value. I'm just saying that --
18 Q Yes?
19 A -- you know.
20 Q He seemed to you to be sort of like a
21 millionaire at that time?
22 A Well, yeah. He was well off; he wasn't
23 suffering.
24 Q Okay.
25 A So --

4 Q Okay.

5 A He had five or six Gullwing Mercedes here in

6 Denver.

7 Q Five or six what?

8 A Gullwing.

9 Q Gullwing Mercedes?

10 A Yeah, Mercedes; they're very rare.

11 Q Yes?

12 A And, anyway, those were collector's items.

13 You know, those are probably worth 150 -- 200,000 a

14 piece.

15 Q Okay.

16 A But -- and I don't know if -- I don't know

17 the value. I'm just saying that --

18 Q Yes?

19 A -- you know.

20 Q He seemed to you to be sort of like a

21 millionaire at that time?

22 A Well, yeah. He was well off; he wasn't

23 suffering.

24 Q Okay.

25 A So --

1 Q All right. And so you saw this -- so, you
2 had occasion because of your relationship with him to
3 be in and out of his office. And you saw these
4 teletypes coming in talking about military equipment --

5 A Right.

6 Q -- helmets, weapons, et cetera?

7 A Money, gold.

8 Q Mining gold.

9 A Money.

10 Q Oh, money.

11 A And gold.

12 Q And gold; all right. And --

13 A And -- in large quantities.

14 Q Okay. And then what happened?

15 A Well, and then a guy named Bill Chandler
16 showed up at the Peoria office and --

17 Q Of ICI?

18 A Of -- well, it's EGS -- Extinguisher Global
19 Systems.

20 Q Okay. Right.

21 A Owned by IGI.

22 Q All right.

23 A But, one of the guys there knew Bill
24 Chandler and introduced Bill Chandler to me.

25 Q Yes?

1 A And out of that relationship --

2 Q Okay. Let's take it slow now.

3 A Okay.

4 Q Bill Chandler, when you met him in about
5 1982; how old a man was he?

6 A 41, 42, 43, somewhere in there.

7 Q Okay. So, he's just -- he's a young man?

8 A Yeah. Retired colonel.

9 Q Okay. Army, Air Force, what?

10 A Army.

11 Q Army colonel, Bill Chandler, about 41, 42
12 year old man; comes to your offices at the Extinguisher
13 company.

14 A Right.

15 Q And introduces himself to you?

16 A Well, no. He --

17 Q This guy introduces you?

18 A -- knew someone there. And then he came and
19 introduced Bill to me.

20 Q Okay. And when he introduced Bill to you,
21 then what happened?

22 A Well, Bill introduces himself and kind of
23 hems and haws that he's a retired colonel and, you
24 know, kept a real low key. And then, the guy that
25 worked at EGS went and said, well, you know, 'Bill's

1 CIA.'

2 Q Do you remember who this guy is that
3 introduced you to him?

4 A No. I can find it though --

5 Q Okay.

6 A -- find him also.

7 Q Okay.

8 A Anyway --

9 MS. REPORTER: Excuse me, we need to go off
10 the record for a moment.

11 MR. SHEEHAN: Okay.

12 (OFF THE RECORD)

13 MS. REPORTER: We're back on the record.

14 Q Okay. So, this Bill Chandler is his name;
15 he's talking with you, and your friend who introduced
16 you to Bill Chandler said, 'oh, Bill Chandler, you
17 know, he is former CIA'?

18 A No. CIA.

19 Q He is CIA?

20 A Employed by.

21 Q Okay. And then what happened?

22 A Well, every day Bill used to come in the
23 office. And, you know, shoot the shit and get to know
24 you type routine.

25 And then he came up and says, 'well, you

1 know this Heinrich Rupp?' And I said,
2 says, 'I'm interested in finding out what he's up to
3 what he's doing.'

4 Q Yes?

5 A And I said, "well, what do you mean?" And
6 he says, 'well, I'd like to see his telexes; I'd like
7 to see, you know, what he's doing.'

8 Q Yes?

9 A And I said, "well, that's no problem. You
10 know, at the other office there, I can find out." So

11 --

12 Q Did you ask Bill Chandler whether Bill
13 Chandler was asking this in some official capacity?
14 Or, what did you ask him?

15 A Yes. And he said, well, it's for a friend
16 of his at Langley that needed the information. And
17 that, even though Bill had nothing to do with the CIA
18 currently, that he -- his friend needed the
19 information.

20 Q Okay. Did he acknowledge that he had ever
21 been employed by the CIA?

22 A Directly and indirectly through our, you
23 know, period of relationship.

24 Q Okay. So, but at this early time -- you're
25 in 1982, late '82 at this time. And Bill Chandler is

3 A Yes.

4 Q And you indicated that that wouldn't be too
5 hard; that you could get that information. And then
6 what happened?

7 A Well, the -- on Heinrich's telex, it used to
8 be rolled up. And I could pull it out and look at a
9 week's worth of information at a time.

10 Q Yes?

11 A And, you know, there's guns and money and,
12 you know, gold being traded back and forth.

13 Q Yes?

14 A And I got copies of it. Then Heinrich --
15 well, Bill asked me, 'can you entice Heinrich to come
16 over and office with you and, you know, move his telex
17 messages over here' and the whole bit. And I said,
18 "well, let me see if I can do it." And I did it.

19 Heinrich moved over to the office where we
20 were at and basically sent all his telex messages
21 through our office. Because it was closer to his
22 house.

23 Q Okay. So that was -- now, you said that his
24 office -- Mr. Rupp's office, Heinrich Rupp's office --
25 was over in southeast --

3 A Right.

4 Q On what street?

5 A Alameda.

6 Q Alameda, over by there. And you, at the
7 request of Bill Chandler, talked Heinrich Rupp into
8 moving his office over onto --

9 A Peoria.

10 Q -- by Peoria --

11 A Right.

12 Q -- to be -- is it in the same building or in
13 the same physical office?

14 A No, the same physical office.

15 Q Okay.

16 A See, Heinrich was officing with some oil
17 guys and the oil guys were going to be moving out. So,
18 it was perfect timing to have Heinrich come and move
19 over there.

20 Q Okay.

21 A And, basically, Heinrich said, 'well, I'll
22 go move all my paper office' to his house, and as long
23 as he had the telex and telephone and that over there,
24 that he had no problem.

25 Q Okay. Now, and when was this that Heinrich

1 Rupp moved his telefax facility
2 the Extinguisher Global Service? Approximate

3 A Late, like, December or January, '82 -- '83.

4 Q So, it's late December of '82 or early '83
5 he does this?

6 A Yep.

7 Q Okay. And then what happens?

8 A Well, Bill says, 'make sure to get to copies
9 everything'. Which we copied every transmission and
10 gave it to Bill. And went from there.

11 Q Now, did Bill give you any idea of how, by
12 what method or how often Bill Chandler was
13 communicating this information that you were giving him
14 to his friend at Langley?

15 A No. Just that he was.

16 Q He said he was giving it to him?

17 A Yes, at that time. Later on, it got to be
18 that, you know, I answered the phone a couple times at
19 Bill's house when this guy called.

20 Q Okay.

21 A And, you know, he acknowledged me and, you
22 know, I never knew his name, except once. And, you
23 know, he told me forget it and that's where it was.
24 But, Bill went and, you know, chewed me out a couple
25 times because I was chit chatting with his friend from

2 A So --
3 Q So, up -- from December of 1982 upward into
4 the future, approximately how many different occasions
5 were there in which you communicated to Bill Chandler
6 content of the teletypes and correspondence, et cetera,
7 that Heinrich Rupp was having?
8 A Between twice to three times per day.
9 Q Okay. And that went for five days a week,
10 during the week? Or --
11 A Oh, no. About seven days a week.
12 Q All the time?
13 A Yeah.
14 Q Okay. How long a period did this proceed
15 over, you giving Bill Chandler access to Rupp's
16 teletypes, et cetera?
17 A About four or five months.
18 Q Okay. So, from December up until maybe
19 April of '83?
20 A Yeah. And it went even farther than that,
21 too. Up until the time of the missile crisis, as we
22 call it.
23 Q Okay. Let's take a look at that now.
24 A So --
25

1 Q You're still -- say, approxima-
2 you're seeing all of the transcripts of his
3 telecommunications and everything coming in. Did you
4 come to understand, based on your review of those
5 telecommunications to Heinrich Rupp, that there was
6 some particular subject matter or something that this
7 military supply had to do with? Was there some --

8 A Well, the first part of them involved the
9 Argentine deal.

10 Q The Argentine deal?

11 A The Falklands war.

12 Q The Falklands war between Argentina and the
13 -- Great Britain?

14 A Right.

15 Q Okay. What did you discern based upon your
16 review of those teletypes what was going on?

17 A That Heinrich Rupp and Peter Jennings and
18 other companies that Peter Jennings owned was involved
19 in supplying the Argentine in the war against the
20 British.

21 Q Okay. And who was Peter Jennings?

22 A Well, Peter Jennings is a businessman based
23 out of Zurich, Switzerland, who is a major arms dealer.

24 Q Okay. And did -- was he in business with
25 Heinrich Rupp in any way?

2 Q What was that business, do you know?
3 A Well, they had something to do with Intora
4 SA and --

5 Q How do you spell that?

6 A "I-N-T-O-R-A".

7 Q "I-N-T-O-R-A"?

8 A -- "--T-O-R-A".

9 Q Intora SA.

10 A Out of Zuck.

11 Q Yes?

12 A And then either partial -- some relationship
13 with Private Bank & Trust. I know Peter Jennings had
14 direct relationship with Private Bank & Trust.

15 Q Now, where was Private Bank & Trust?

16 A That's in Zurich -- south Zurich in the
17 banking district.

18 Q And that's in Zurich, as opposed to Zuck?

19 A Right.

20 Q Okay. So, you know that Peter Jennings has
21 got a direct relationship with Private Bank & Trust,
22 and that Peter Jennings and Heinrich Rupp are working
23 together in this thing, Intora SA. And you think that
24 Heinrich Rupp, based on your review of his
25 telecommunications, had some indirect relationship of

1 some sort with Private Bank & Trust?

2 A That's correct.

3 Q Okay. And based on your review of these
4 teletypes which you were then communicating regularly
5 to Bill Chandler, what was the substance of the
6 business activity that Peter Jennings and Heinrich Rupp
7 were engaged in, vis a vis the Argentine war against --

8 A Arms, gold and money.

9 Q Okay.

10 A Bottom line.

11 Q And what -- who -- to which side were they
12 selling weapons in the --

13 A The Argentine.

14 Q They were selling them to the Argentine
15 military government?

16 A Yes.

17 Q Okay. Now, you stated earlier that Heinrich
18 Rupp was some sort of Nazi war criminal or something.
19 You know, what is it that you -- what information do
20 you have about what it is that --

21 A Well, what he says and what it is, is two
22 different things.

23 Q Well, tell us the one that's real.

24 A Well, I don't know.

25 Q Okay. Well, tell us both of them.

1 A All I know is that his -- when
2 participation in what he said involving the Luftwaffe;
3 whether it's real or not, I don't know.

4 Q What did he say about the Luftwaffe?

5 A Well, he said that he was involved in flying
6 for them when he was a kid. And then, the other thing
7 is is when you get him wound up -- you know, a few
8 drinks under his belt, that he'll whip out a cigarette
9 lighter and light it and say, 'God, I lit the ovens
10 once, I'll do them again.' You know?

11 And very intense about that. But --

12 Q Now, did you ever talk with Bill Chandler to
13 try to get Bill Chandler to use any of his potential
14 resources to find out the background of Heinrich Rupp?

15 A No, because I kept saying, "geez, Bill, do
16 you know who Heinrich Rupp, you know, what he's talking
17 about?" And Bill said, 'yeah, we know all about him.'
18 And that was it.

19 Q But he wouldn't tell you what it was?

20 A No.

21 Q Okay. But you don't have any information,
22 specific information when you use this term, sort of a
23 "Nazi war criminal"?

24 A Yeah, well that's what he calls himself.

25 Q That's what Heinrich Rupp calls himself?

4 A I have no idea.
5 Q Okay. Have you ever been to his home?
6 A Yes.
7 Q Where does he live?
8 A In Aurora.
9 Q Aurora --
10 A The last --
11 Q -- Colorado?
12 A Yeah, the last I knew.
13 Q Okay. And what kind of a house does he live
14 in?
15 A Oh, it's an average house. It's nothing to
16 get excited about, you know?
17 Q Okay.
18 A A \$200,000 house; something like that.
19 Q Okay. But, it's not a mansion?
20 A Oh, no, no, no.
21 Q Okay.
22 A But at the time, he was looking at buying a
23 mansion called something castle here in town and I
24 can't -- it's --

25 MS. LINDSAY: Rikhaufen.

3 A So -- I think that's the pronounce --
4 Q Okay. But you don't know if he ever went
5 and bought that?

6 A No, I don't know if he bought it.

7 Q Okay. So, you're performing these types of
8 services for Bill Chandler, whom you understand at the
9 time to be passing the information on to his contact at
10 Langley, Virginia in the Central Intelligence Agency;
11 is that correct?

12 A That's correct.

13 Q Okay.

14 A And there was times that he called him at
15 home in Maryland.

16 Q That Bill Chandler called his contact in the
17 Agency at the contact's home in Maryland?

18 A Yes.

19 Q Okay. Now, did you see Bill Chandler,
20 during your relationship with him, utilizing any type
21 of book or notebook or phonebook or anything where he
22 kept numbers that he used to communicate with this man?

23 A Yes.

24 Q Okay. And did you ever have an opportunity
25 to see that content of that phonebook?

2 Q A few of the --

3 A A few of the numbers.

4 Q Okay. Now, during this period of time when
5 you were gathering this information from Heinrich
6 Rupp's telecommunications and giving them to Bill
7 Chandler; and you'd come to learn that Heinrich Rupp
8 and this other man, Peter Jennings, were supplying
9 military equipment to the Argentine during the
10 Falklands war. Did you tell that to Bill Chandler or
11 did Bill Chandler tell you that that's what was
12 happening here?

13 A Well, Bill Chandler was aware of it, and I
14 wasn't telling him of anything new. And then, I had
15 certain speculation that I made back to Bill. And he
16 said, 'yeah, it's -- they're messing around with the
17 Falklands war'. So --

18 Q Okay. And did you -- explain to me, if you
19 can, what you perceived your activity to be and how it
20 related to anything legitimate with regard to what you
21 were doing at that time. How did you perceive it?

22 A Nothing --

23 Q I mean, not everybody goes and gets private
24 communications from somebody and gives them to somebody
25 else. How did you rationalize that; how did you

2 A I perceived Bill Chandler as a go-
3 agent requesting me to do a simple task.

4 Q Okay. Did you -- was it your opinion, or
5 based on your conversations with Bill Chandler, that
6 Heinrich Rupp was engaged in something illegal in
7 selling these weapons to Argentina?

8 A Well, I didn't realize that it was totally
9 illegal. You know, I had -- some of the things he was
10 doing I thought was illegal, but, I mean, it was Bill's
11 doings. You know, I had nothing to do with it.

12 Q Well, you had something to do with it. I
13 mean, you were the source --

14 A Well, yeah.

15 Q -- of the information, right?

16 A Yeah. Well -- so, I made copies of telexes,
17 I mean, you know. How tough was that?

18 Q Right.

19 A When they come into my office and we have a
20 copy machine right there, I take the telex and make a
21 copy and stick it in the file.

22 Q But --

23 A There's a Bill Chandler file and a Heinrich
24 Rupp. Heinrich Rupp would come in and I'd hand him his
25 telexes, and he was no more to the wiser.

2 Chandler, actually solicited Heinrich Rupp to provide
3 telecommunications facilities in your office so you
4 could do that; right?

5 A Yeah.

6 Q Okay. So, you perceived yourself as
7 gathering this basic intelligence information about a
8 guy that was selling weapons to Argentina that was
9 fighting a war against the United Kingdom, with whom
10 we're allies; is that correct?

11 A That's correct.

12 Q Okay. So this is the first time that you
13 had ever engaged in anything of this nature, isn't it?
14 Here in 1982, December to April of '83, you were
15 engaged in that type of activity with Bill Chandler; is
16 that correct?

17 A That's correct.

18 Q Okay. Now, then what happened?

19 A Well, Heinrich had a person named Ron Walker
20 from Hamilton, Montana -- Garlic Helicopter -- over in
21 Europe soliciting arms business, arms sales. And he
22 would be calling our office for Heinrich Rupp, and I
23 talked to him a couple times and, you know, he sent us
24 telexes on what they were looking for. You know? Of
25 what type of weapons.

1 A Well, at the time, he requested
2 some larger missiles.

3 Q Tow missiles?

4 A Tow missiles, right. And I didn't know what
5 a tow missile even looked like or anything else.

6 Q Right.

7 A So, I had to talk to Felix to ask him what
8 they were.

9 Q Okay, now. Who was Felix?

10 A Felix is Paul Unger; he used to work for the
11 CIA in the Arab Imrans for one of the CIA Shell
12 companies in the Arab Imrans, going in and putting
13 armaments -- missiles, guns -- on ships. You know,
14 guidance systems.

15 Q Okay. Now, who was Paul Unger working for
16 in April of '83?

17 A For EGS.

18 Q For EGS?

19 A Yes.

20 Q So, he was working for the emergency --
21 what is it?

22 A Right. Extinguisher Global Systems and
23 Services.

24 Q Extinguisher Global.

3 specialized in armaments working for Extinguisher
4 Global?

5 A Because he had supply and logistics
6 background, which in the oilfield industry was a very
7 necessary person to have.

8 Q Okay.

9 A And he never told me about his involvement
10 with the Agency until our relationship was like six
11 months old -- five months old.

12 Q Okay. Where did -- how did Paul Unger come
13 to work for you at Extinguisher Global?

14 A It was kind of a friend of a friend
15 situation, recommended him. And talked to him and
16 hired him on board.

17 Q Okay. So, when Ron Walker, who was I take
18 it, working for Heinrich Rupp --

19 A Right.

20 Q -- when Felix -- when Ron Walker contacted
21 your office trying to get a hold of Felix -- or
22 Heinrich Rupp, and said that he wanted tow missiles and
23 things like that, you say you went to Paul Unger and
24 asked him about that?

25 A Yeah.

2 A Yeah. Well, not for the CIA; for the -- he
3 referred it as a, just a contractor for the Arab
4 Imrans.

5 Q Okay.

6 A You know? Not --

7 Q All right.

8 A -- until later on did he ever acknowledge
9 that the CIA had direct involvement. And they did try
10 to hire him back to the Arab Imrans.

11 Q Okay.

12 A I saw a couple telexes regarding that.

13 Q All right. So you go and you ask Paul Unger
14 about what this is about all the tow missile stuff.
15 And what did Unger say?

16 A Well, he told me what a tow missile was.

17 Q Yeah. They're pretty serious business.

18 A Well, yeah. I mean, you know, it's just
19 another weapon. But, the thing is, he told me what
20 they were.

21 Q Yes?

22 A And you know, like I told him that Ron
23 Walker was asking for them. And, you know, he was up
24 to speed of what Heinrich was doing and that. He was
25

Q Okay. Now, who makes tow missiles? I mean
where do they -- do they only make them in one country?
Or --

A No, they make them in about three different
countries.

Q Okay.

A So --

Q So, it's not an American weapon, uniquely?

A Well, essentially, it's American weapon that
licensed for manufacture in two other countries that I
know of.

Q Okay. And they make them for U.S. military
forces?

A Well, not necessarily. They make them for
contract purposes for other countries also. Like,
friendly countries.

Q Yes?

A That want some tow missiles. They license
these countries to manufacture them and then sell them
to this third party.

Q So, where -- they're made here in the United
States; one --

A Yeah. That's one place.

Q Where else are they made?

1 A Israel that I know of, and I think
2 but I'm not sure.

3 Q Okay. So, Unger tells this to you and
4 you're getting these communications. Now, is Walker
5 communicating these requests for the tow missiles to
6 Heinrich Rupp through you?

7 A Yes. Through telexes and phone
8 conversations, and I'm taking them and passing them to
9 Bill.

10 Q Okay. Now, didn't this start to strike you
11 as a little strange that you -- finding yourself here
12 having originally just solicited Heinrich Rupp to place
13 his teletype machines in your office for his
14 convenience near his home; to you basically being the
15 conduit for specific requests from Ron Walker for tow
16 missiles. And your bringing that request to Heinrich
17 Rupp. Did Rupp view you as working for him in some
18 way?

19 A Not exactly but at one time he says, 'oh, we
20 make you a partner', you know, and all this other
21 stuff. And I didn't want any part of it. But, the --
22 Chandler kept provoking the situation to stay on top of
23 it, you know, just keep playing along. Let's watch
24 what happens.

25 Q Okay.

1 embassy, came up with this large list of
2 manpower.
3

4 Q Okay. So let's stop --

5 A Okay.

6 Q -- and take a look at that now. To the best
7 of your recollection, approximately when was it in 1983
8 that Ron Walker came up with this new request from
9 Iraq?

10 A Around February.

11 Q February of '83?

12 A Or March, yeah.

13 Q Okay. In February or March of '83, Walker
14 communicates to Heinrich Rupp through you --

15 A Right.

16 Q -- a request for a significant amount of
17 armaments, including tow missiles?

18 A Missiles and larger missiles.

19 Q And what things -- what other things besides
20 tows?

21 A Well, in the Harpoon category, which is AGM-
22 84's and AGM-86A's.

23 Q Okay. So, how -- did you know what any of
24 those things were when he was talking about them?

25 A Not even a clue.

1 Q But did
2 A Yes.

3 Q Okay. So, you were coming off
4 -- comparatively well informed, compared to the average
5 American --

6 A Yes.

7 Q -- when you're talking to Ron Walker you all
8 of a sudden can find out what these are.

9 A Yeah. Now, during this time, we're also
10 talking to the guys in Dallas. And the guys in Dallas
11 --

12 Q Okay. Let's just take it one step --

13 A Okay.

14 Q -- at a time, though. You get the request
15 from Ron Walker for these, not only tow missiles, but
16 these -- what was the next category?

17 A Harpoons.

18 Q Harpoon missiles and then these other
19 missiles and you -- what, you go, oh, sure I'll check
20 this out. And then you turn and you go check with
21 Unger; right?

22 A Right.

23 Q Unger gives you the "scivvie" on what they
24 are. You then communicate to Heinrich Rupp that this
25 request has come --

1 A Right.

2 Q -- to him. So, in effect, Iraq is
3 approaching Heinrich Rupp?

4 A Yes.

5 Q To get this significant armaments.

6 A Yes.

7 Q Okay? And then you said there was an
8 additional dimension about manpower of some sort.

9 A Yes.

10 Q What was that?

11 A That was a request for skilled technicians
12 for helicopter repairs in Cobra helicopters and UH-1's
13 and guidance system programmers, and warfare
14 technicians.

15 Q This is a fairly heavy order coming in from
16 Iraq; is that right?

17 A Yeah.

18 Q Now, had you seen anything of this caliber
19 or category come in before, or this all of sudden came
20 upon you?

21 A Well, no. I mean, when you're watching this
22 go back and forth and he's doing gold deals in the
23 neighborhood of 50 tons of gold at a time and that.
24 You know, you start to grow immune. It was neat
25 reading, you know --

1 A -- to look at all of them as -- yes
2 just read them off and one right after another is what
3 I would call a big deal.

4 Q Okay.

5 A And, you know, Bill Chandler wanted all the
6 information, so --

7 Q Okay. So, when this order comes in in
8 February, March of '83 --

9 A Right.

10 Q -- for the tow missiles and the other
11 missiles that they were after --

12 A Right.

13 Q -- and this manpower supply --

14 A Right.

15 Q -- you communicate that to Heinrich Rupp; is
16 that right?

17 A Well, to Bill Chandler first, then Heinrich.

18 Q Okay. To -- Chandler get's it first?

19 A Yes.

20 Q And then he says, go a head and communicate
21 it to Heinrich Rupp?

22 A Yes.

23 Q So, you communicate it to Heinrich Rupp.
24 What was Heinrich Rupp's response or reaction to a
25

2 A Nothing; it was no big deal for

3 Q Okay. What was the reaction of Bill
4 Chandler to that type of order -- sale -- weapons
5 order?

6 A He just said, 'oh, this is great' and left
7 and must've called in or something. So -- because he
8 came back and said, 'we're going to pursue this.' And
9 I said, "what do you mean?" And he says, 'well, we're
10 going to pursue this situation.'

11 And I said, "well, you know, I don't know
12 anything -- how to do this." And he says, 'don't
13 worry, we'll help you through it.' And I said, "okay."

14 Q Ah, okay.

15 A So, and --

16 Q So now we're at a -- now, it seems to me
17 we're at a -- without my editorial, I think it seems
18 this is kind of a -- sort of a categorical change in
19 your position of, instead of just asking you to monitor
20 these telecommunications coming in --

21 A Right.

22 Q -- Bill Chandler now begins to suggest --

23 A Makes me operational.

24 Q -- that there's going to be an operation
25 undertaken and he wants you to be part of it; is that

2 A That's correct.

3 Q And what did Bill Chandler ask you to do

4 A Well, he said to continue with what I was
5 doing with Ron Walker; continue with Heinrich. And
6 there's a few other arms dealers that tried to approach
7 us because Heinrich was there. One of them was a U.S.
8 Customs sting operation, which we knew about. But --

9 Q Okay. Let's separate these out now.

10 A Okay.

11 Q You've got this buyer, would-be buyer --

12 Iraq -- coming to Ron Walker. And Ron Walker
13 contacting Heinrich Rupp. Now, is the way that
14 Heinrich Rupp did his business is, he would get an
15 order like that from a potential buyer. Then he would
16 turn around and go to weapons sellers and broker the
17 deal; is that what he did?

18 A Well, no. Through his partners in
19 Switzerland and that, they could basically fill any
20 order as long as they weren't -- the customers weren't
21 so picky as to where they came from.

22 Q But, now Intora -- did Intora own weapons?

23 A Yes.

24 Q Oh, it was a weapons owning company?

25 A Yeah.

2 representative of Intora that possessed weapons; is
3 that correct?

4 A Yes.

5 Q All right. So, they get this big order in
6 and Bill Chandler says he wants to pursue this, wants
7 you to become operational in facilitating this sale.
8 Now, based on knowledge that you had from your
9 discussions with Heinrich Rupp; did Heinrich Rupp
10 through Intora have access immediately to a scale of
11 weaponry like that?

12 A Most of it, yes.

13 Q Okay. And then what happened?

14 A Well, then the missiles -- the larger
15 missiles and some of the tow missiles they didn't have.
16 But through this sting operation they brought up the
17 conversation of offering these AGM's -- 84s and 86As.

18 Q Okay. Now, let's take it one step at a
19 time.

20 A Okay.

21 Q That you've got a portion of the order at
22 least, that is placed by Iraq in March of '83 to
23 Heinrich Rupp in the custody already of Intora; that he
24 could supply that straight up?
25

1 A Umm hmm.

2 Q Did he supply that portion of it straight up
3 through Intora?

4 A No. Iraq wasn't going to submit payment
5 until they had the larger missiles.

6 Q Okay. So, did he as far as you know, have
7 Intora set aside a certain portion of materials to wait
8 to be supplemented by the purchase of other weaponry;
9 or what happened there?

10 A I don't know.

11 Q You don't know what happened there?

12 A I don't.

13 Q Okay. But you know that he didn't have the
14 tows, and he didn't have the other more sophisticated
15 missiles --

16 A Right.

17 Q -- in stock?

18 A Right.

19 Q Okay. So when that position was
20 encountered, what did Heinrich Rupp say, if anything,
21 about where he was going to get these more
22 sophisticated missiles?

23 A Well, he didn't know. He left that up to us
24 at there, to talk to some of these arms dealers and
25 solicit for that kind of armament.

1 Q Now, is it -- am I correct in hearing that
2 not only is Bill Chandler asking you to go operational
3 to pursue this operation with Heinrich Rupp; but
4 Heinrich Rupp himself is now asking you who, prior to
5 this time, was performing no services other than
6 allowing his machines to stay in your office. And you
7 were doing this fire -- this Global --

8 A Right.

9 Q -- Extinguisher Global --

10 A Right.

11 Q -- thing. Heinrich Rupp asked you to begin
12 to participate in undertaking to solicit weapons --

13 A Right.

14 Q -- these tow missiles --

15 A Right.

16 Q -- and other things? And because of this
17 rather strange event that you had Paul Unger in your
18 fire extinguishing operation --

19 A Umm hmm.

20 Q -- you knew the specs and some of that stuff
21 on these --

22 A Right.

23 Q -- weapons; is that correct?

24 A Right.

25 Q Did Felix -- or Paul Unger -- participate

1 with you in that process?

2 A Indirectly, yes.

3 Q Or he was just coaching you on how to do it?

4 A Well, he was mostly coaching. Like the guy
5 said, down in Dallas, that you know, on day that they
6 would say some part number and I wouldn't know shit
7 about it. And I'd say, oh, talk to you tomorrow. And
8 then the next day, I could tell them every nut and bolt
9 on the damned thing --

10 Q Okay.

11 A -- that they were asking about.

12 Q All right, now --

13 A And that was coached from Paul.

14 Q All right. So now, did Paul know what Bill
15 Chandler was doing?

16 A Yes.

17 Q Now, was it by any chance Paul Unger that
18 introduced you to Chandler?

19 A No.

20 Q No? Okay.

21 A No, it was another guy.

22 Q So, you've got not only Paul Unger in your
23 office, who's a former CIA weapons guy --

24 A Right.

25 Q -- but somebody else in your office who, in

1 fact, introduced you to this CIA guy, Bill Chandler?

2 A Yes.

3 Q And, don't you think people are going to
4 think that's a little strange, for an extinguisher
5 company to have that kind of personnel around?

6 A I didn't have the -- I mean, you know, I
7 didn't pay any attention to it until you pointed it out
8 here --

9 Q Yes.

10 A -- you know, just recently, that that would
11 seem odd.

12 Q Okay. So, you're saying it was just a
13 coincidence that these guys were there, in fact?

14 A I thought so.

15 Q Yes.

16 A That's what I thought, but --

17 Q Okay.

18 A -- looking behind now, I can see how this
19 puzzle gets put together.

20 Q Okay. So, you're watching this kind of
21 thing evolve, saying 'my what a lucky boy am I', to be
22 in this kind of situation; right? Because this is
23 pretty --

24 A Not exactly, but it's pretty neat.

25 Q Yes, right. So, it's -- you thought it was

1 kind of neat. So, here both of these guys, Heinrich
2 Rupp on the one hand and Bill Chandler on the other
3 hand, saying 'go, go, go.'

4 A Right.

5 Q Get more into it, become more operational.

6 A Right.

7 Q Get more information from Rupp --

8 A Right. Keep --

9 Q And Rupp saying --

10 A -- Rupp happy, keep him --

11 Q Keep him going?

12 A -- keep him going, keep the information
13 flowing; you're doing a great job.

14 Q Okay.

15 A And then Heinrich's on the other side, going
16 I've got too much work now. Here's some telephone
17 numbers, follow up on them, see if you can source out
18 these materiels.

19 Q Okay. So, then, you began to become a sales
20 rep, in effect, for Heinrich Rupp, looking for these
21 missiles; right?

22 A Right.

23 Q Now, how did you have any idea of where you
24 being to go looking for tow missiles?

25 A That's a good point. Heinrich Rupp had some

1 telephone numbers of people within the United States to
2 pursue such.

3 Q Okay. How does a small town boy who comes
4 to work as a -- Extinguisher Global specialist on
5 fighting fires in oil fields, when you're given these
6 numbers by Heinrich Rupp; who are these kind of people
7 that you call up to get a tow missile from?

8 A You pick up the phone and you dial them and
9 ask, you know?

10 Q Well, like, who were they?

11 A Well, they were arms dealers. Supposed to
12 be illegal arms dealers, most of them.

13 Q Okay. So it's not legal to have tow
14 missiles?

15 A Well, of course not.

16 Q Okay. So that you've got to go to some
17 black market source that have swiped these tow missiles
18 from somewhere?

19 A Yeah.

20 Q Okay. So, at that point in time, you had a
21 pretty good idea, didn't you at that time, that
22 Heinrich Rupp was into purchasing illegal weapons?

23 A Well, of course.

24 Q Okay.

25 A I knew that, you know, before that.

2 these weapons that he was selling to
3 Argentina; were they illegal weapons that he was
4 getting?

5 A Of course.

6 Q Okay, like machine guns and all that kind of
7 stuff?

8 A Yes.

9 Q Okay.

10 A Yes, helmets; everything.

11 Q Well --

12 A You name it, he was doing it.

13 Q -- helmets aren't exactly as illegal as tow
14 missiles?

15 A No, no, no, no, no. But the -- I mean, you
16 know. We're talking cases and pallets of ammunition --

17 Q Okay.

18 A -- from numerous places in Europe.

19 Q Okay.

20 A Machine guns, rifles, you know.

21 Q All right. So now, you go to Bill CHandler
22 and you say to him, 'look, I've got this list of
23 telephone numbers of these prospective suppliers of tow
24 missiles and more --

25 A Right.

Q -- the additional missiles. Whatever the

1 next one was up. And then these UM-38, -48, whatever
2 they ares?

3 A Right.

4 Q Did Bill Chandler find this rather
5 intriguing that you --

6 A No, because he already had them off the
7 telexes. And he said, 'go ahead'. And I said, "well,
8 you know, who's going to cover my ass?" And he says,
9 'well, dammit, you're doing it for the CIA. So, go
10 ahead and pursue this thing', that 'nothing will happen
11 to you.'

12 Q Okay. Did you say where's my card, or how
13 about my I.D., or anything like that?

14 A No. Bill wasn't that kind of a guy to
15 promote that.

16 Q Yes?

17 A Now, later on down the road, that -- he kept
18 on referring to as, you know, it's contract basis.
19 And, you know, after the deal got blown out of bed,
20 that he says, 'aw, you fucked up', you know?

21 Q Okay.

22 A And that's end of contract.

23 Q Now, when he asked you -- when Bill Chandler
24 said to you, look, do this that Heinrich Rupp is
25 asking.

2 Q Undertake to solicit the purchase of tow
3 missiles --

4 A Yes.

5 Q -- from criminal elements that have stolen
6 these missiles inside the United States.

7 A Yes.

8 Q And you said to him, look, this is a
9 criminal act that you're asking me to engage in. And
10 he says, "don't worry; it's for the CIA".

11 A Yes.

12 Q What steps, if any, did you take at that
13 point to give yourself any degree of assurance that you
14 were having your posterior covered here?

15 A Nothing. Other than that they did call back
16 and confirm meetings that they had gone and infiltrated
17 the meetings through electronic purposes -- or methods.
18 But they told me what conversation I had in certain
19 meetings.

20 MS. REPORTER: Excuse me.

21 MR. SHEEHAN: Yes?

22 MS. REPORTER: I need to turn the tape over.

23 MR. SHEEHAN: Okay.

24 A Also, by this time, that I had had numerous
25 telephone contacts -- you know, not big, long

1 conversations -- but with Bill's buddy back in, you
2 know --

3 Q In Langley?

4 A -- in Langley.

5 Q And what did you call him when you talked to
6 him?

7 A Nothing. I never called him anything, other
8 than, you know, I would answer his telephone "3963",
9 which is the four digits in his telephone. And he
10 would say, 'who is this?' And I said, "Kelso". And he
11 said, oh, you know, 'how's this going; how's that
12 going' --

13 Q Yes?

14 A -- 'is there anything else' --

15 Q Yes?

16 A -- you know, that's happening'.

17 Q So you'd call this guy -- we'd better call
18 him something else.

19 A Well, no. That's how I answered the phone
20 at Bill's house.

21 Q Okay. This is "3963"?

22 A Right.

23 Q Okay. And this guy from Langley would talk
24 to you?

25 A Right.

1 Q And you're telling him what you're doing?

2 A No, he's telling me what I'm doing. Also,
3 asking on what points and at what level the
4 transactions have gotten.

5 Q Okay.

6 A You know, how far did they get?

7 Q Now, based on your conversations with
8 Langley, this Mr. Langley let's call him.

9 A Whatever; yeah.

10 Q He is telling you that he knows about the
11 conversations that you're having to purchase these tow
12 missiles?

13 A Oh, yeah.

14 Q And he --

15 A And he knows about me.

16 Q And he says it's from electronic
17 surveillance that they've got underway against these
18 people because they've already got their numbers from
19 the telexes?

20 A Yes.

21 Q And they know who they are?

22 A Yes. Just like on the situation in Dallas.
23 We were told before we even thought about going down
24 there, the second phone conversation; that it was a
25 U.S. Customs sting.

2 now. You've got a number of these illegal arms dealers
3 that you're talking to who are professing at least to
4 be able to supply tow missiles to you?

5 A Yes.

6 Q And those are, as far as you can tell,
7 straight, legit criminals that are selling these tow
8 missiles?

9 A Right.

10 Q Now, all of a sudden, some time -- and tell
11 me approximately when this was -- during the course of
12 from March, April '83, all of a sudden you get
13 contacted by some U.S. Customs sting operation out of
14 Dallas; is that correct?

15 A Right. Now, that happened about March,
16 April; somewhere in there.

17 Q Okay. Well, this is -- so, February, March
18 is when you get the solicitation from Iraq?

19 A Right.

20 Q And you're calling around looking for --

21 A Right.

22 Q -- legit crooks to sell the tow missiles?

23 A Right.

24 Q And, all of a sudden, you get told that --
25 you say beforehand, before you ever heard from them,

3 Q They're --

4 A We made the first two phone calls, and after
5 that, we were told who they were.

6 Q So, you had a number from Heinrich Rupp --

7 A Yes.

8 Q -- to call these guys in Dallas. So, among
9 the numbers that Rupp gave you to call --

10 A Yes.

11 Q -- for the tow missiles was this interesting
12 number in Dallas?

13 A Right.

14 Q You call them and then, who tells you? Is
15 it Mr. Langley?

16 A Yes.

17 Q Tells you that that is a sting operation
18 from Customs in Dallas?

19 A Yes.

20 Q Okay. Now, does he tell you to go forward
21 and to focus your deal with Dallas? Or does he tell
22 you to go --

23 A Yes. Well --

24 Q -- focus your deal with the guys they want
25 to bust?

2 conversations with the guys in Dallas, because Heinrich
3 happened to have been there when the first couple
4 telexes and phone conversations came in. And he
5 thought this was a great lead to purchase equipment.
6 Because these guys were extremely knowledgeable and
7 seemed to be, you know, good businessmen.

8 Q Okay. Now -- but let me --

9 A So --

10 Q -- but let me ask you this. What good is it
11 going to do Bill Chandler to have you, who are
12 basically a CIA contract agent, soliciting sales of tow
13 missiles?

14 A Well, that's --

15 Q What good's it going to do for you to buy
16 tow missiles from a sting operation --

17 A But we didn't want to buy tow -- I mean, he
18 didn't want to buy tow -- I mean, he didn't want to buy
19 anything. But it -- the whole situation was
20 artificially created, in essence --

21 Q Quite so.

22 A -- and supportive. Okay; here was a
23 supportive telephone call that these guys really didn't
24 know what was going on, okay, other than they were
25 running their sting operation and they were doing

3 Gotcha.
4 A -- in their conversation.

5 Q Gotcha.

6 A Which was helping light the fire under
7 Heinrich --

8 Q Right.

9 A -- getting him excited. And when -- the
10 more excited he got, the more excited the guys in
11 Langley got, the more excited Bill got. Because now
12 they're getting closer at Heinrich to see how they do
13 transportation and banking and some more of the little
14 ins and outs that they never knew about Peter Jennings
15 and --

16 Q So, Rupp and Jennings are the targets of this
17 entire operation?

18 A Right.

19 Q So, what you had is --

20 A Intelligence operations, not Customs.

21 Q Not -- okay. CIA?

22 A Right.

23 Q Specifically?

24 A Right.

25 Q Okay. And so you've got -- let me get this
straight. You're getting more and more excited because

1 you're getting --

2 A No, I'm not. I'm --

3 Q Well --

4 A -- getting more and more --

5 Q It's working --

6 A -- confused.

7 Q Well, but --

8 A But the project's working, Bill's happy, so

9 --

10 Q Chandler's getting really excited.

11 A Right.

12 Q Rupp is getting really excited.

13 A Right.

14 Q And the guys in Dallas are getting really

15 excited.

16 A Right.

17 Q And you've got two of those three people

18 that are getting excited -- one's Customs and one's

19 CIA.

20 A Right.

21 Q And Rupp is in the middle of this thing now.

22 A Right. Getting set up.

23 Q And -- okay, getting set up.

24 A And pumped for information.

25 Q Okay. About how he does his funding and

financing --

2 A Right, right.

3 Q -- and all that stuff?

4 A And how they smuggle them so successfully
5 and --

6 Q But they've got to have a tow missile to
7 smuggle; right?

8 A Well, no. That's -- we were getting,
9 without giving Heinrich a nut, bolt or screw --

10 Q Yes?

11 A -- Bill Chandler through this method and
12 through the way that the operation was going, was able
13 to extract all the information that Langley was
14 requesting.

15 Q Okay. So, that's in high fly by April of
16 '83?

17 A Yes.

18 Q Okay. And then what happens?

19 A Well, then the guys in Customs down there
20 get real pushy. And I said, "hey, this is a CIA
21 operation." You know, "go ahead and check."

22 Q You tell --

23 A Yeah.

24 Q -- then you tell --

25 A The Customs guys.

3 A Right. and let's,
4 Q Dallas Customs Sting 1, the guy you're
5 dealing with; okay?
6 A Right.
7 Q So, you tell Dallas Customs Sting 1, 'hey,
8 dude, this is a CIA operation'.
9 A Yeah.
10 Q Did you give him Chandler's name?
11 A Yes.
12 Q Said, 'watch it, here's it; check it out'.
13 A Yeah.
14 Q Okay.
15 A I said, "go for it."
16 Q Okay.
17 A And, you know, I also told him we knew who
18 they were.
19 Q Okay.
20 A Why play the game? But we needed to
21 continue the conversation. And he says, 'well, I don't
22 understand what you mean.' I said, "never mind; that
23 was a slip. Just check it out." Okay?
24 Q Yes; okay.
25 A And through the wiretaps that they were

1 doing, I think I mentioned the CIA, that we were
2 involved with them either two or three times that I
3 recall.

4 Q Okay. So you mentioned that directly to
5 Dallas Customs Sting 1?

6 A Right.

7 Q And, they continued to pursue it apace?

8 A Right.

9 Q Okay. And then there comes an occasion when
10 they invite you down, or you invite yourself down, to
11 go down to Dallas to meet with Dallas Customs Sting 1?

12 A Right. Now, after the second or third time
13 we tell them it's a CIA operation, they keep going,
14 'well, why do you keep saying that?' And I said --
15 and, you know, I reiterated to the guys, you know, why,
16 you know, "you're serving a purpose. Why can't you
17 find this out?"

18 And, you know, they says, 'well, we've got
19 friends.' And I says, "I know you've got friends and
20 you got the capacity to check this out."

21 Q Yes?

22 A And they weren't able to check it out. But,
23 at the same time, Billy's friend in Langley was calling
24 back saying, 'well, geez, we liked the way you handled
this conversation with Heinrich listening on the

2 You know, we knew about that; we like the
3 way you presented that.'

4 Q Okay.

5 A You know, 'the Customs guys in Dallas are
6 extremely aggressive and it's working well.'

7 Q Okay. So, you go down to talk with Dallas
8 Customs Sting 1.

9 A Right.

10 Q Who went down with you?

11 A Myself and Felix.

12 Q Okay. You and Felix go down, you meet them
13 down there.

14 A Right.

15 Q What happens? When you're on the ground
16 talking with those guys down there; you start --

17 A Well --

18 Q -- to discern that this definitely kind of a
19 slipshod --

20 A Yeah.

21 Q -- Customs operation?

22 A You know, at one time -- and I even
23 expressed this to Bill. I asked him if this possibly
24 really was, maybe, some government guys selling out the
25 back door.

 Q Yes?

1 A And he said, 'no, no, no. That isn't the
2 case'. And I said, "well, it's intrinsic for us to
3 pursue this in order to tell Heinrich that we did go
4 down there and meet the guys; came back and that even
5 though we're going down there and probably will be
6 looking at an empty warehouse --

7 Q Yes?

8 A -- we can tell Heinrich that 'yes, we saw
9 the equipment in the warehouse'.

10 Q Did you see any equipment?

11 A Of course not.

12 Q Okay. They had nothing?

13 A No.

14 Q Nada?

15 A No.

16 Q Okay. Did you come back and tell Heinrich
17 that you saw some stuff?

18 A Yes.

19 Q Did you tell the people in Dallas that you
20 were going to tell Heinrich that you saw stuff?

21 A Yes.

22 Q Even though there wasn't any there?

23 A That's correct.

24 Q What did the guys in Dallas think you were
25 doing?

1 A They didn't know.

2 Q Well, why would people from Heinrich come
3 down there and see an empty warehouse and go back and
4 tell Heinrich that it was full of tow missiles?

5 A Well, it was -- and full of weapons.

6 Q Full of weapons?

7 A Well, they didn't know. You know, they were
8 so hung up on what they were trying to do and what we
9 were trying to subtly tell them, they weren't paying
10 any attention.

11 Q Well, I mean, they must have been able to
12 pay attention enough to know that they didn't have any
13 weapons?

14 A No, no, no, no. We told them that we were
15 going to tell Heinrich that there wasn't any -- I mean,
16 there was weapons, even though there wasn't any weapons
17 in the warehouse.

18 Q And didn't they say to you 'why are you
19 going to tell him that; what is your interest in this'?

20 A Yes.

21 Q And did you tell them you were working for
22 the CIA?

23 A Yes.

24 Q And they didn't believe you?

25 A That's correct.

3 see, they said, 'well,
4 come on down, have lunch, and bring down this money and
5 you can buy these two missiles'. And we were going,
6 "oh fuck". You know, these guys never let off.

7 Q Yes?

8 A You know? And we told them, "yeah, we'll be
9 down there."

10 Q Well, I mean, wouldn't it have been obvious
11 that the thing for them to do was to show you a tow
12 missile, give you one tow missile to bring back to Mr.
13 Rupp here?

14 A Well, that would make sense. But, they
15 couldn't even --

16 Q But they didn't do it?

17 A No. And they couldn't get permission from
18 their boss for us --

19 Q Couldn't get a tow missile, I would --

20 A -- well, not a tow missile or an AGM.

21 Q Yes?

22 A But, for us to take a picture of it. They
23 tried and it couldn't be done. Well, then, we turned
24 around and made a proposal to Bill to the CIA, that
25 have Missouri send us a picture -- where, you know,
they're manufactured in Missouri.

1 Q Yes, okay.

2 A And get us a picture of one so that we can
3 go down there and say we took it in Dallas to give it
4 to Heinrich.

5 Q Okay. All right. Well, setting aside how
6 bizarre Dallas Customs Sting 1 is in not realizing that
7 if you're talking to legit crooks trying to buy a tow
8 missiles from you and you ain't got any that it isn't
9 going to last long, this relationship. So, you go down
10 there and you don't get to see the tow missiles --

11 A Right.

12 Q -- you don't get any tow missiles.

13 A Right.

14 Q You tell them you're going to tell Heinrich
15 Rupp that you got to see a tow missile.

16 A That's correct.

17 Q You ask Bill for a picture of tow missile
18 and they don't --

19 A These are Harpoons now.

20 Q Okay. The Harpoons.

21 A Not tow.

22 Q Okay. And you ask Bill Chandler for a
23 picture of the Harpoon missiles --

24 A Right.

25 Q -- out of Missouri.

Q And you don't get -- I won't even say it.
3 You get nothing --

4 A That's correct.

5 Q -- all the way around. Okay. You come
6 back. This is now --

7 A Because Bill thought it wasn't needed.

8 Q So, it comes back around the end of April
9 sometime --

10 A Right.

11 Q -- of '83. And then what happens?

12 A Well, it's -- we start getting around to
13 Bill's directly involved now, meeting with Heinrich and
14 meeting with rest of the guys involved. And --

15 Q Okay.

16 A -- actually assimilating the process of
17 setting up a team to do -- you know, to go do the jobs
18 and --

19 Q To go do the tow missiles --

20 A Yeah, do --

21 Q -- to buy them and --

22 A Well, no, no, no. To go over to Iraq and
23 staff it and, you know, the maintenance program and, I
24 mean you know, they started assimilating books and the
25 whole bit. And the got Heinrich pretty well hyped.

board now as an operative?

A Yeah.

Q And gets introduced directly to Heinrich

Rupp --

A Yeah.

Q -- and said, you know, 'here I am to help
you out'?

A Right.

Q Okay. And how long did this go on before
you guys got busted by somebody?

A Well, after that about another month or so.

Q Into May?

A Yeah, approximately. I'd have to look at
the exact date, but --

Q Okay, now. Who busted you?

A Well, the guy from Dallas, plus two guys
from Denver. They came over to the house and said we
have a warrant for your arrest for espionage and
attempting to over-throw a government. And, I mean,
they rattled on.

Q So, it was like, "yeah, okay. Come on in;
no problem." I said, "do you guys mind if I make a
telephone call?"

Q Well, this is the no problem like you
sitting in the cage with DIS guys --

Q -- this was a major problem, wasn't it --

A No, that was a minor problem.

Q -- with these guys coming to bust you?

5 Okay.

6 A That was a minor problem here in the United
7 States.

8 Q All right.

9 A Because I knew if I picked up the phone that
10 -- I thought -- Bill was going to make some actions.

11 Q Right.

12 A Well, in fact, Bill did do some action --

13 Q Okay. Here comes --

14 A -- in order to get these guys straightened
15 out.

16 Q So, here comes somebody from Dallas Customs
17 Sting 1?

18 A Right.

19 Q And says you are under arrest --

20 A Yeah.

21 Q -- for being so dumb to come down and think
22 that I was going to sell you a tow missile --

23 A Right.

24 Q -- when I didn't show you anything?

that's correct.

4 A That's correct.

5 Q -- he charged you with first degree
6 dumbness? And busted you, right? Okay.

7 A Yeah, it's -- that's about what it is.

8 Q So, he comes back up to Denver and they
9 arrest you?

10 A Right.

11 Q Okay. So, you -- before too long, I would
12 assume, get on the phone to call Bill Chandler.

13 A Right.

14 Q And he says --

15 A And the --

16 Q -- 'who are you, white man'? At least
17 that's --

18 A No, no, no, no. Wrong, Kimosabi.

19 Q Now, what did he say to you?

20 A What he did do is, here's the dumb Customs
21 people standing there, and I said, 'geez, I'd like to
22 make a telephone call.' And they said, 'well, are you
23 calling your lawyer?' And I said, "right."

24 Q Yes?

25 A So, I dial Bill.

2 A And I said, "Bill, there is three Customs
3 guys here with a warrant for my arrest, you know, for
4 missiles and the whole bit." And he starts going, you
5 know, 'this isn't funny.' I said, "Bill, this guy is
6 for real."

7 Q Yes?

8 A You know, "this is the guy we met down in
9 Dallas; the one we've been telling, you know --

10 Q It was Dallas Customs Sting 1?

11 A Yeah, yeah.

12 Q That came personally. I knew it'd have to
13 be.

14 A And I --

15 Q He's the only guy who would believe it,
16 right?

17 A I asked him for his I.D., the guy from
18 Denver.

19 Q Yes?

20 A And he hands me his I.D. and said, "Bill,
21 this is the guy's I.D. I'm looking at the front of it,"
22 you know.

23 Q And you read it off to him?

24 A And he said, 'those son of a bitches'. And
25 he said, 'hang on'. And I said, "well --

1 Q Okay.

2 A -- I can't hang on forever. I'm going
3 downtown."

4 Q Yes?

5 A You know, down to Customs office. And I
6 asked the guys, and they said 'you're going downtown to
7 Customs office and then down to Denver jail to get
8 booked in'.

9 Q Now, did they arrest Heinrich Rupp?

10 A Oh, no. No. They wanted to but they
11 didn't.

12 Q So, they arrested you and --

13 A Felix.

14 Q -- Paul Unger?

15 A Yeah.

16 Q Okay. They bust you guys for --

17 A Yeah.

18 Q -- all this list of things?

19 A Right.

20 Q They bring you down; they charge you with
21 everything in the kitchen sink?

22 A Yes.

23 Q And then, who tells you to call Rod Snow?

24 A Not I. Rod Snow showed up with another

2 work for me, you know, was a corporate
3 attorney. He came in and says, 'fuck, this is way past
4 me; see you later, bye.'

5 Q Right.

6 A You know, because he was a corporate
7 attorney; didn't want nothing to do with baby.

8 Q This ain't a corporate deal.

9 A Right.

10 Q That's right.

11 A And he left. And the other attorney showed
12 up for Felix, and Rod Snow was with him. And he walked
13 in there and said to Tyne, that 'you take Felix --

14 Q Who's Tyne?

15 A Well, this is the other attorney.

16 Q Okay. So Tyne shows up with --

17 A Right.

18 Q -- with Rod Snow and --

19 A With Rod Snow. And Rod Snow tells Tyne,
20 'well, you take Felix and I'll take Kelso.'

21 Q Okay. Now, where did he come from?

22 A I don't know.

23 Q Did Bill Chandler call him?

24 A I don't know. I would imagine that through
25 Paul making the call is where they came out from. I
never have got --

2 A -- a straight answer.

3 Q So Paul Unger calls a lawyer?

4 A Right.

5 Q And showing up is?

6 A Two lawyers.

7 Q Is two lawyers. One is Rod Snow --

8 A Right.

9 Q -- and the other is this guy, who?

10 A Tyne. I think that's what his --

11 Q "T-I-N-E"?

12 A I think it's Tyne.

13 Q Okay. And Tyne takes Felix and Rod comes
14 over to you?

15 A Right.

16 Q And, do you explain to him everything that's
17 happened?

18 A No. Because I tried to explain some of it,
19 and he says, 'no, no, no. This is how we're going to
20 do it'. And starts telling me what to do.

21 Q What did he tell you to do?

22 A Well, the -- at the time, they said, 'well,
23 you're going to get booked in and you're going to go to
24 County, and you're going to sit in County until I make
25 some more phone calls.' So, we went there.

1 Q Who said that?

2 A Rod Snow. So, Felix --

3 Q Okay.

4 A -- and I were in the county jail, yeah, for
5 the weekend, you know, at first until we had more
6 contacts.

7 Q Okay.

8 A And about four days went past and Rod showed
9 up and talked to me and Tyne showed up and talked to
10 Felix.

11 Q Right. And what did Rod then say to you was
12 going to happen, and what you were supposed to do?

13 A Well, by that time I had talked to Bill
14 Chandler. And Bill Chandler told me to keep my mouth
15 shut because that Friday night it hit Nightline and it
16 hit national news.

17 Q Yes?

18 A Okay? So, that Saturday Bill says, 'we've
19 got a major problem; we just want you to hold still and
20 keep your mouth shut until we can figure out what to
21 do.' So, I did. And both Felix and I had the
22 instructions from Bill.

23 Q What kind of quantity of missiles were they

about your bringing -- getting -- tows and

1 A Well, they were only talking about two that-
2 were supposedly stolen from McDonnell Douglas, which we
3 knew was false.

4 Q Right.

5 A But, anyway. They transmitted that
6 information via telephone and telex and with Heinrich
7 watching all this. And, of course, that made him
8 excited.

9 Q Right.

10 A You know, so --

11 Q What was the order for, from Iraq; how many
12 did they want?

13 A Oh, I don't know. About 50, something like
14 that.

15 Q 50 tow -- 50 hornets or --

16 A No, 50 Harpoons.

17 Q Harpoons.

18 A Yeah.

19 Q Okay.

20 A More than enough to level Terehan about
21 eight times.

22 Q Okay. And what about these other ones;
23 these --

24 A Well, the tows; those are just small ones.
25 It's something like blowing up the building we're in.

those -- the other ones;
3 A Well, this would be used -- like, three of
4 them would take out Boulder.

5 Q What -- the Harpoon missiles?

6 A The Harpoons, yes. They're good sized.

7 Q And what about the other ones, the ones with
8 the numbers on it?

9 A Well, those are Harpoon missiles.

10 Q Oh, the AM-48's and --

11 A Those are explicit.

12 Q Okay.

13 A And, you know, also in that Customs tapes in
14 Dallas is our conversation about, well, you know, we
15 want them dumb. In other words, without guidance
16 systems.

17 Q Yes.

18 A That -- to explain to them that, if we got
19 into an uncontrolled situation with someone coming down
20 there and viewing them, that there's no risk that
21 technology would be stolen if they made an attempt to
22 steal anything.

23 Q Okay.

24 A Yeah, because we didn't trust those guys

1 Q I gotcha.

2 A Yeah, Heinrich. But --

3 MR. SHEEHAN: Pardon?

4 MS. REPORTER: I need to change the
5 videotape.

6 MR. SHEEHAN: Okay. Let's do it; let's take
7 a break.

8 MS. REPORTER: We'll go off the record.

9 (OFF THE RECORD)